Daily Report

Latin America

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Cuba

Cuba: Robaina Denies Media Report on Plane Incident

PA1903040096 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 19 Mar 96

[From the "NTV" newscast]

[FBIS Translated Text] Cuba has reiterated once more that the downing of the two U.S. airplanes on 24 February occurred in Cuban territorial waters as an act of legitimate defense of its sovereignty, Cuban Foreign Minister Roberto Robaina has said. He read a statement issued by the Foreign Ministry denying reports published in THE WASHINGTON POST.

[Begin Robaina recording] Cuban Foreign Ministry Statement:

In its 16 March edition, THE WASHINGTON POST published an article with the apparent intention of disclosing new information on the 24 February incident involving the violation of Cuban airspace. The article, however, creates more confusion and disorientation regarding the incident and the actions taken by Cuba.

Citing anonymous government sources, THE WASHINGTON POST revealed a meeting between Cuban and U.S. experts that supposedly made Cuba retreat from its intention of protesting the violation of its national jurisdiction. Notwithstanding the clarification that each sentence of this article should receive in order to adjust them to the truth, we find it particularly necessary to clarify three of the points mentioned.

1. It is true that there was a meeting between Cuban and U.S. experts in New York in the early hours of Friday 1 March and Saturday 2 March, beginning exactly at 12:15 a.m. That meeting was the result of an initiative and invitation made by the U.S. Goverment to Cuban officials to travel to that country to present additional evidence on the incident, an invitation that Cuba accepted. The Cuban Government is aware that the invitation was made following instructions from the highest U.S. Government levels. In no way was it a Cuban initiative, and there was no request from Cuba to that effect. In fact, what Cuba actually did was maintain a mutual confidence. Until today, of course, since there is a limit to everything.

2. The exchange of information showed Cuban experts that U.S. authorities had no conclusive evidence to prove that the incident occurred in international airspace. This confirmed what was already an undeniable fact: That the downing of the planes occurred within the 12-mile limit of the Cuban maritime border and airspace. The U.S. experts did not present any significant evidence.

3. It is totally false that after the 1 March meeting the Cuban foreign minister or the Revolutionary Government have no longer claimed that the downing of the planes occurred in Cuban territorial waters. Anyone having the opportunity to hear or read the speech delivered by the foreign minister before the UN General Assembly on 6 March, five days after the meeting among experts was held, or the speech delivered by Ricardo Alarcon, who headed the Cuban delegation to the Council of the ICAO that same day can realize that on both occasions Cuba reiterated its steadfast conviction that the incident occurred in Cuban waters and that it acted in legitimate defense of its territory and national security.

Several statements were made to the press at a later date. These statements were reported by different international media in Havana, New York, and Montreal. According to these remarks, both the foreign relations minister and other Cuban officials insisted on this issue.

It was the U.S. Government which, since Monday, 26 February, began to retract and question its own assertion that this event took place in international waters. This is reflected in the statements by Ambassador Madeleine Albright and Federico Pena, head of the U.S. delegation to the ICAO [International Civil Aviation Organization] Council, who expressed, more than once, that the location of the incident did not matter, whether Cuban territorial waters or international waters.

In addition to this, on 12 March, the very U.S. president, when commenting on the 24 February incident during the ceremony marking the signing of the Helms-Burton law, refused to specify whether the incident had occurred in international airspace or Cuban airspace. The U.S. Government has been incapable, because there is no evidence, of maintaining a consistent position since this episode began.

Coincidentally, following the pressure exerted by some congressmen on the White House, it has been learned that the U.S. Government is using its vast and powerful resources, with very precise intentions, to convince a large number of governments that this event took place in a different location from where it indeed took place. It would be useful to know what evidence the U.S. Government has to carry out its campaign. It would be interesting to know, in addition, how U.S. spokesmen explain that the first diplomatic contacts of the U.S. Government with the Cuban Government, after the incident took place, involved requesting permission from Cuban authorities to enter Cuban territorial waters to participate in search and rescue operations?

Cuba has maintained a coherent and unchanging position in its statements, based on the facts and the only

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evidence that has so far been presented. From the beginning, Cuba said, later ratified, and continues to state today that this is a legitimate defense action that occurred in the territorial space over which Cuba exercises its sovereignty. And this right as well as territorial safety and national security of the country are sacred and will never be given up.

[Signed] Ministry of Foreign Relations
[Dated] Havana, 18 March 1996.

Cuba: U.S. Diplomats Urged To Fulfill Immigration Accord

PA1903040996 Havana PRENSA LATINA in Spanish 0224 GMT 19 Mar 96

[FBIS Translated Text] Havana, 18 Mar (PL) — Foreign Minister Roberto Robaina today reiterated Cuba's willingness to fulfill the immigration accords signed with the United States, but warned he will not allow actions from U.S. diplomats in this country that may disrupt public order.

The foreign relations minister made the remark when asked about the crowd that gathered Monday in a downtown area close to the U.S. Interests Section (SINA), interested in participating in an immigration raffle promoted by this office.

This methodology, also known as a lottery, is part of the protocol agreed to by Washington and Havana to promote the legal and orderly flow of Cubans to the United States, which in September of 1994 established the U.S. commitment to grant a minimum of 20,000 visas each year.

In spite of the fact that the official Cuban announcement was made on Saturday and coincided with the initial SINA position that requests would be made by mail, since Friday this mission has allowed those interested to place their letters in boxes outside the mission building.

Upon learning about this option, the public showed up to deliver their letters in person, causing traffic disruptions and disorder. This forced authorities to redouble police presence in the area to, among other things, guarantee the safety of the diplomatic mission.

"Cuba has not changed nor will it change the information it offered to the population and the international community, and it will not accept, under any circumstance, the establishment of procedures that cause public disturbances," Robaina affirmed.

He explained that, regardless of these incidents, Cuba will not accept events other than — as U.S. officials have been informed in Havana — the provisions of the immigration pact.

When saying that no official declaration is required "because the country's decision has not changed," Robaina considered it prudent that SINA diplomats act according to the provisions agreed to in the meetings held with local Foreign Ministry officials and which involve respect for national laws.

"SINA management officials cannot accept or allow actions that cause incidents and are also motivated by the irresponsible actions of some officials who do not fulfill what both parties agreed to," Robaina concluded.

Cuba: Vice Minister Comments on Sugar Harvest

PA1603142696 Havana Radio Rebelde Network in Spanish 1255 GMT 12 Mar 96

[Telephone interview with Sugar Industry Vice Minister Gilberto Llerena, place not given, by Felix Fernando Garrido in the network's studio in Havana; from the "Doing Radio" newscast — live]

[FBIS Translated Text] [Garrido] It is now 0809, and we are happy to inform our listeners that we have Comrade Gilberto Llerena, vice minister and spokesman of the sugar industry, on the phone. He has very kindly agreed to speak for our listeners. Good morning.

[Llerena] Good morning.

[Garrido] You have heard that in the last few hours, especially after the heavy rains resulting from the wave of low pressure that has affected Cuba, some of the main activities of the sugar industry have been temporarily affected; furthermore, agricultural activities have also been affected. I also have information that activity in the last few hours has picked up once more. What can you tell us about this matter?

[Llerena] There was a large group of complexes grinding at 0300. At 0300, 77 complexes had been halted due to the rain. Of those, 73 had not begun to grind.... [pauses] I mean, 53 and 94 complexes had already begun grinding.

[Garrido] I did not understand the numbers you have just given us. Could you repeat them please? How many complexes that had been halted have resumed grinding? How many are grinding, and how many are still halted right now?

[Llerena] At 0300.... [pauses] Remember, grinding goes on all day, and people are and have been exerting a great effort. They can grind a little during the day. Grinding goes on for 12 to 16 hours a day, and they make up time in that way. They are always fighting to achieve efficiency. There must be a constant struggle to achieve efficiency.

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[Garrido] Exactly.

[Llerena] At 0300, 77 complexes were halted. Of those 77 complexes, 24 had already complied with their day's grinding; therefore, 53 complexes had not done any grinding at all.

[Garrido] Correct; therefore, activity is being reinitiated as humidity and rain conditions improve.

[Llerena] Yes. The situation, as you know, is more difficult in the northern areas of Villa Clara, Ciego de Avila, Camaguey, Las Tunas, Holguin, and the southern area of Santiago de Cuba and Guantanamo, but, as you have seen on television and through great effort.... [pauses] For example, in northern and southern [word indistinct], groups are grinding to reinforce grinding production in the south. People are exerting a huge effort to reach harvest goals.

[Garrido] Is there any specific strategy the Sugar Industry Ministry has implemented? You can take advantage of our program, because, as you know, it is heard all over Cuba and almost in every complex. What I mean is that you can stress the need for urgent and fundamental measures aimed at certain activities....

[Llerena, interrupting] Yes, there are complexes where it will still take time to begin operations, because their fields are very wet. It is not raining, but there are areas where the fields are very wet; this condition makes it impossible for the machines to enter those fields and has caused them to extend the interruption of all activities another 24 to 48 hours. Those complexes need to carry out major maintenance at the mills and on the cutting, plowing, and transport equipment. We must do as the Fernando de Dios Complex did after it was halted for one week due to rain during February, remember?

[Garrido] Yes.

[Llerena] It then started grinding beyond its potential grinding level for 20 consecutive days. It took advantage of the interruption and carried out major repair work, which allowed them to recover the delay by increasing grinding activities. This action is what we must fundamentally take.

[Garrido] Meaning that the time lost due to unquestionable reasons can be taken advantage of to do other things.

[Llerena] Yes. It can be recovered by preparing [word indistinct] and the machinery, preparing all the machinery involved in the harvest so once the harvest begins it will not be affected by any problems, and thus, the time lost can be recovered.

[Garrido] I have Juan Manuel Olivares Chavez, our correspondent in Las Tunas, on the phone. As you know, Las Tunas was one of the provinces most affected by the heavy rains, but he has informed me that sugar harvest activity has been reinitiated there. Olivares, we have the sugar industry vice minister on the phone. You can confirm to him what you have told me; that is, sugar harvest activities in Las Tunas are getting underway.

[Olivares] Correct. The sun is shining here in Las Tunas, and the rain has stopped. The sugar harvest and all agriculture in general is recovering, but accumulated rain in the north is still causing excessive humidity.

I was touring the municipality of Manati, the area most heavily affected by the weekend rain, yesterday. There was a situation [word indistinct], a bottleneck, so to speak, at the Argelia Libre Complex. There are 111 box cars blocked off at the sugar complex because 90 km of train track have been affected. There are approximately 623 tons of sugar at the mill. They do not have any energy sources or fuel, not even straw or waste pulp. They are waiting to receive aid from other complexes. There is a risk of losing the 623 tons of sugar. Furthermore, there were approximately 92,000 arrobas of cut cane laying on the ground, in excessively wet areas, and pickup had not been possible.

I have Comrade Jose Lopez, from the analysis section of the Argelia Libre Complex, on the phone. I want him to inform us of what is going on in the municipality of Manati and at the Argelia Libre Complex to recover from this situation as soon as possible. Lopez?

[Lopez] Yes, go ahead.

[Olivares] I was asking you what is going on now at the Argelia Libre Complex. What is being done to recover from the current situation?

[Lopez] You mentioned that we had 111 loaded box cars. We were able to move 25 of these down a portion of track that was in bad shape. They are on the way to the Antonio Guiteras Complex. There are another 28 that are being moved down that portion of track in groups of five. We only need to move another five to reach the total of 28. There is a locomotive waiting to take them to the complex.

On the 623 tons of sugar we have, our main concern is focused on 40 tons that are in a sorter. We have recovered 12 carts of straw, and they are already here at the mill. We are analyzing the possibility of processing the 40 tons still inside the sorter by using the fuel.

[Garrido] Vice Minister Llerena is listening to you. Llerena, you have just heard that Las Tunas, having been one of the provinces most heavily affected by the rain, is working with great intensity. Do you have any comments in this regard?

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[Llerena] Yes, I believe the most important thing is to spotlight the great effort the people of Las Tunas have made. They have been hindered several times by rain and have strived to maintain efficiency....

[Garrido, interrupting] Yes.

[Llerena] They have strived to maintain industrial efficiency. Industrial efficiency was increasing. The recovery of areas was approximately at [word indistinct] percent. You can see the effort the comrades are making to maintain efficiency and to obtain their goals. We are confident and believe the people of Las Tunas will prevail in this situation.

[Garrido] Surely, in these heavily affected areas the provincial office [words indistinct] from a centralized level will give more support, thus aiding to quickly recover from the affects of the rain.

[Llerena] Yes. In the provinces.... [pauses] You have seen the efforts our comrades have made. They are analyzing what to do and how to do it. They are striving to reduce losses and to maintain levels of efficiency as high as possible. That is the key of this harvest, the struggle that began the very first day, maintaining efficiency in all aspects of the harvest.

Cuba: Raul Castro Presides Over FAR Enterprises Meeting

PA1603191196 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Army General Raul Castro, minister of the Revolutionary Armed Forces [FAR], presided over a recent meeting to discuss the progress of FAR enterprises in 1995.

Castro said during the meeting that even though the FAR enterprise system as a whole was successful during 1995, the most difficult stage is perhaps about to begin. He stressed the importance of the enterprises' role in FAR's auto financing, thanks to the profits they generate, and in the nation's defense.

In addition, Castro issued several guidelines for the next stage, insisted that salaries must agree with tangible results, and stressed the significance of quality in production and services. He said no one should continue to talk about deficiencies in accounting and costs, or say all these problems will be solved this year, because, he said, a comrade cannot continue to be the leader of an enterprise, farm, or hotel if there are accounting and cost-related problems in the establishment under his supervision.

Regarding the FAR agricultural sector, Castro said the results were satisfactory compared to 1994, adding that the most important issue nowadays is to increase yield. He cautioned against a price increase policy to achieve profits, because this approach would be too easy and totally wrong.

Cuba: Commentary Views U.S. Approval of Helms-Burton Law

PA1603184496 Havana Radio Rebelde Network in Spanish 1800 GMT 12 Mar 96

[Commentary by Orlando Contreras from the "National Radio News" newscast]

[FBIS Translated Text] Something happened today, 12 March 1996, three years, nine months short of the year 2000, that could herald the empire's strategy for the upcoming 21st century and the new millennium. The action that took place today aims to put an end to our national sovereignty and to impose a supranational government on earth, which would be something new in the history of mankind.

Less than three hours ago, when the president of the United States signed the bill sponsored by Jesse Helms and Dan Burton, he sent a clear message to the world: The United States is taking into its hands the power to pass extraterritorial laws, thus extending the reach of Yankee law to the entire universe.

The laws that have ruled relations among states will begin to fall apart if the international community tolerates this action. The UN document, signed half a century ago with a view to avoiding a new world war holocaust, will become meaningless, because the judicial organization, the foundation of international law, is based on respect for the sovereignty of the states, large or small, rich or poor. A nation is entitled to pass its own laws and to stop the laws of other states from being implemented in its own territory, as a foremost exercise in sovereignty.

The Roman empire passed laws that extended to the territories under Rome's jurisdiction in the beginning of our era, but the concepts of nation and state did not exist at the time. Carlos I of Spain, Carlos V of Germany, fought to establish a universal monarchy in the 16th century and failed despite the vastness of his empire.

The Helms-Burton bill, which became a law today when Clinton signed it, transcends the Yankee stubbornness to crush Cuba. It is a rehearsal for a model of a supranational government to establish an economic empire and a political, cultural, and military empire as well.

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The Helms-Burton law is an insult and a threat to the international community, which has unanimously opposed Washington's claim to impose the law on the rest of the planet. The international community' approval would not only cause great damage to our nation but would also have a devastating impact on the independence and self-determination of all the states participating in the community of nations.

History teaches, as can be seen by the examples of the French Kings Francisco I and Enrique II, who put a stop to Carlos V's design of establishing an international monarchy.

Cuba: Deputy Foreign Minister on Reforms, Opposition

AU1503170296 Bratislava NARODNA OBRODA in Slovak 13 Mar 96 p 7

[Report on interview with Deputy Foreign Minister Isabel Allende by Peter Fridner in Bratislava on 11 March: "Isabel Allende Regrets 'Very Quick' Reaction to Air Incident"]

[FBIS Translated Text] Bratislava — "We will carry out all the reforms that we consider to be necessary and at the speed that will be necessary," Cuban Deputy Foreign Minister Isabel Allende said Monday night [11 March], at the end of her two-day visit to Bratislava, in an interview for NARODNA OBRODA that concerned mostly the internal situation in her country.

She rejected the view that changes in Cuba should be accelerated because "that could lead to chaos." She denied similarity between developments in central and eastern Europe on the one hand and Cuba on the other. "The difference is that our revolution was truly authentic. It had not been imported from anywhere, not from the United States and not from the USSR," she stressed. Responding to the objection that many people, including President Fidel Castro, have admitted that serious errors had been made in the past, she explained that changes in Cuba may contain even capitalist elements, but must not lead to the return of capitalism and must not endanger the Cubans' social gains.

I. Allende's visit was the first official visit by a Cuban official at this level to the Slovak Republic since its founding. During the visit, she met with high-ranking representatives of the Ministry of Foreign Affairs of the Slovak Republic and other government departments, as well as with members of the National Council of the Slovak Republic Foreign Affairs Committee. Although, as she claimed, the latest crisis in Cuban-U.S. relations in the wake of the recent downing of two U.S. aircraft near the Cuban coast was not the subject of her talks, most questions from journalists at the Cuban Embassy concerned this issue.

Isabel Allende said that a number of countries, including Canada, EU members, and Latin American states, disagree with the tightening of sanctions against Cuba contained in the Helms-Burton bill in the U.S. Congress. At the same time she deplored, however, that many governments, including that of the Slovak Republic, reacted "very quickly" to the air incident without waiting for its investigation. According to her, it also was a mistake that the present Washington measures tightening control over the conduct of aircraft with U.S. registration over the straits between Cuba and the state of Florida had not been in force earlier.

In her interview for NARODNA OBRODA, the deputy minister denied that the shooting down of the two Cessnas had anything to do with the internal situation on the island. While, as she said, there exist different views on how to deal with the difficult economic situation, the opposition, which most recently associates under the label of the so-called Consilio Cubano, does not represent more than 150 people and does not pose any major danger to the ruling system. Regarding the contemplated tightening of the 36-year-old U.S. embargo, she admitted that it might have negative consequences, particularly for the interests of countries with investments in Cuba, that is, mainly for Canada.

As for bilateral relations with Slovakia, Isabel Allende sees chances for their development primarily in the economic field, especially in the sphere of power-generating equipment and in the production of sugar. Even if the Helms-Burton bill is passed, it should not have any effect on Slovakia.

[Bratislava HOSPODARSKE NOVINY in Slovak on 13 March on pages 1 and 13 carries a 500-word report by Rastislav Boldicky on an interview given by Isabel Allende to HOSPODARSKE NOVINY (no place and date given). The report includes the following passage: "After the shooting down of the aircraft, the U.S. Congress approved the tightening of sanctions against Cuba. According to Isabel Allende, this document is without precedent because, by tightening sanctions, the United States is interfering in the internal affairs of other countries. 'The latest decision of the U.S. Congress has been condemned by many countries, including the EU and Russia. I have to express regret over the fact that Slovakia was not among these countries. However, during my visit I communicated to my Slovak interlocutors our standpoint and they showed understanding for it.' she said."]

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Cuba: 'Straight Talk' Discusses Shaping Consciences

PA1703193196 Havana Radio Rebelde Network in Spanish 1700 GMT 14 Mar 96

[From the "Straight Talk" program hosted by Osvaldo Rodriguez and featuring guest newswoman Vladia Rubio of GRANMA newspaper]

[FBIS Translated Text] [Rodriguez] Well, Vladia. It looks as if you are going to talk to me about the time when the baby is born, because the conscience begins to be shaped and behavior begins to be guided even in the baby's first days of life after he is born.

[Rubio] That is correct, but there is more to it. To sum up the subject even further, I can tell you that I will talk to you about political and ideological work.

[Rodriguez] What does political and ideological work have to do with shaping the conscience and guiding behavior?

[Rubio] Precisely. Ideological work shapes the conscience, and political work guides behavior. This is why they constitute an inseparable duo. This is work that plays a very important role in our society, in particular now that they are attempting — just attempting — to hurt us with the so-called Track 2 of the Torricelli law, which is but an aggravation of the struggle of ideas. It is ideas, in particular the shaping of the conscience, which we must keep underlining hard. We must walk with surer and surer steps, carefully weighing each word, concept, and strategy.

I think, Osvaldo — and this is why I have brought the subject here to have a straight talk — that sometimes we abuse the word. We will do political and ideological work. Personally, I believe the best political and ideological work is that done without saying it is being done.

[Rodriguez] Why? Is it because you think something done secretly is better?

[Rubio] No. Because it is more effective. Generally, many people equate political and ideological work exclusively with the discussion of study materials...

[Rodriguez, interrupting] Well, that is precisely what came to my mind. When political and ideological work is mentioned, I think about propaganda, study materials...

[Rubio, interrupting] But it is not that. This is why it is necessary to have a straight talk about this subject once and for all.

[Rodriguez] Good. Let's talk, then.

[Rubio] It is true that doing political and ideological work is discussing study materials, commemorating anniversaries, holding morning meetings in schools, etc. All of those things and variables are gradually debated with arguments and proposals by all citizens. I am not referring to schools only, of course. There are study circles, CDR [Committees for the Defense of the Revolution] meetings, mass organizations...

[Rodriguez, interrupting] The home.

[Rubio] The home, of course.

[Rodriguez] Allow me to interrupt you. Here at "Straight Talk" we have mentioned at other times the need for families to reconsider certain values, which are only ideas, and these ideas constitute ideological work. The need has also been presented to establish certain behavioral patterns in children. For instance, I remember we have mentioned children who beg from tourists. We have even discussed the new prostitutes, as I describe them. All of these actions constitute behavior. I think moderating and guiding such behaviors in the right direction is the work that we need and for which you are asking. Ideology and politics are related, not only to the homeland, society, and the community, but also the small nucleus of society, which is the family.

[Rubio] So, political and ideological work is not an abstract concept.

[Rodriguez] Of course not.

[Rubio] I was telling you a short while ago that this work does include reading study materials, holding political circles, commemorating anniversaries, holding morning meetings at schools, etc, but it is much more than that. To restrict this work to the first concept is a mistake because it would be limited and castrated. In fact, political and ideological work is present in everyday life and every action. In particular, we see the younger generations as recipients of this political and ideological work.

[Rodriguez] Shaping the conscience and guiding behavior. We are debating this topic today with journalist Vladia Rubio from GRANMA daily. Well, I was going to use the word debate. I probably used that word, but we really cannot debate much here, because I agree 100 percent with your ideas. Maybe we will disagree later.

[Rubio] More than a debate, I believe the purpose of the program is to explain. A while back you said: Yes, when you mentioned ideological-political work, I automatically associated it with study circles and anniversaries, and we should insist that it does not boil down to just that. I want to discuss that further.

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[Rodriguez] I was probably quite blunt, because I was going to say: I associate it with a joke [teque].

[Rubio] Of course.

[Rodriguez] Because we have turned the term into a joke, and it is not a joke. We sometimes have to define what it means.

[Rubio] It is empty rhetoric.

[Rodriguez] Empty rhetoric, that is it. The lack of argument.

[Rubio] It is very important, even necessary, that people stop seeing the political-ideological work and jokes as synonymous. That would be unfortunate. The teachers, more than anybody, and I mean teacher in its broadest context, all the teachers making up our society, basically all of us, have the mission of doing political-ideological work. We should be aware of that. The worker, let us say, who always comes to work, is never late, tries to be efficient, and abides by the rules is doing political-ideological work.

[Rodriguez] Even if he does not mention it.

[Rubio] Above all, he is doing political-ideological work with the coworker next to him. The teacher who shouts in the classroom is doing the wrong kind of ideological work. The student who...

[Rodriguez, interrupting] What he is doing is negative.

[Rubio] It is negative, of course.

[Rodriguez] It is negative in terms of ideology, because the [indistinct] are not just ours. Other ideas also work. For example, there are the religious guides, the behaviors of the different religions of the world. It is not the same, shaping the conduct of an Asian, a European, or a Latino.

[Rubio] Listen, what you just mentioned about the religious ideas is true. I have had that opportunity, because I have sometimes been the constant target of people who do campaigning or recruiting work. They do not come to you and say: I come to win you over or convert you. None of that. They are very subtle and acute. They begin by finding out about your problems.

We, the revolutionaries, the communists, the ones who must fight, especially in this war of ideologies, which has become increasingly acute after the introduction of — well, not really the introduction — the Track Two variation is old regarding the bolstering of the Torriccelli law.

[Rodriguez] As a colleague of ours would say, the worst thing about Track Two is that there is a Track One.

[Rubio] Of course.

[Rodriguez] That is the worst thing about Track Two, because Track Two, following in the footsteps of Track One, will hit us harder, no doubt. We must struggle to minimize it. We have to accept that it will hit us, absolutely. But we must struggle, and I think that is your idea.

[Rubio] Of course.

[Rodriguez] The political-ideological work you carry out aims at minimizing the consequences of the so-called Track Two, which only seeks to drown the Cuban revolution with ideas.

[Rubio] Yes. I know that starting with the premise, all the people comprising the social groups, mass associations, the media, communities, families, production centers, learning centers, in fact, everyone, can carry out this work silently but in a united way. At times it is difficult.

I was talking with a teacher once and I said: Come here, professor. How can you instill in your students values of honesty and dignity, when someone may be out there on the street, across from the school, asking tourists for coins? It is difficult, there are contradictions, paradoxes, and dichotomies. But I am sure that we can act in a united way and get past the rhetoric, and put ideological-political work into practice with conviction and see that it is much more than the joke that you mentioned.

[Rodriguez] As you were talking, I was thinking that capitalists carry out very dynamic political-ideological work, but they do not mention the term.

[Rubio] Of course.

[Rodriguez] It is, of course, not a term used by that system. It is a term coined by us, the socialists. I do not regret having coined it. What I am ashamed of is that they are using it wrongly and have turned it into a joke. I believe that must be resolved.

[Rubio] There are those who abuse this word when they speak, in official statements, and even in work centers. I believe people abuse this term, and they do not practice it as they should.

[Rodriguez] Of course, you spoke a while ago about the professor, the professor anecdote, I was thinking about ways to shape conduct and a child's conscience in the current circumstances.

[Rubio] That is very difficult. Yes, because they are not only following the example of what they see out on the streets, but what they see through the mass media, which sometimes broadcast negative messages.

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[Rodriguez] Shaping the conscience and guiding behavior is the topic we are discussing with journalist Vladia Rubio from GRANMA daily. Vladia, we were talking about children. I believe that it is very difficult, given the current circumstances, to shape a child's conscience on the restrictions we have, because this child is just opening his eyes to the world and it is very difficult for him to understand this confrontation with this world. On the other hand, it is still much more difficult to make him understand that his behavior must not lead him to do what other children and even adults, do. I believe this is the major challenge we have nowadays with children and youth.

[Rubio] It is very difficult, and you are right. A small child... [pauses] Think about my child who is five years old. I cannot explain to him the disappearance of the field...

[Rodriguez, interrupting] Mine is two years old.

[Rubio] We cannot explain to them that the Soviet Union disappeared, that the blockade was toughened. However, because it is so difficult, I believe that it is essential to give an education compatible with the ideals and aspirations we have as a society of what the Cuban citizen must be, the new man. It is essential, because the seed is in them. This is not rhetoric; it is not a meaningless phrase. The seed, the future of our society, is in them.

[Rodriguez] Track Two is going to work hard against them. However, not only...

[Rubio, interrupting] It is in fact doing it.

[Rodriguez] Not only with them. I have a two-year-old son and a 15-year-old girl. Imagine this 15-year-old who was 11 years old when the special period began. Do you think that she can understand many of the things going on around her? It is very difficult. She needs a number of material conditions to which she cannot have access today. This undoubtedly starts shaping their conscience and guiding their behavior. This is something on which we have to work hard on teenagers. We have to work hard also with youth, let us say, those below 30, who are also the ones that are facing this crisis with unmet expectations and, of course, given their age, it is going to be very difficult for them to postpone them. It is undoubtedly like this.

[Rubio] Yes, it is. However, I believe that since we have to work hard, and this measure is undoubtedly hitting this segment of the population the hardest, the measure is an ideological aggression to which we have been subjected, in addition to the economic aggression, of course. All this segment of the population, the new generation has been given proof that there is a model, as a premise, as a seed to erect this wall of political and ideological work. It is the ethics of resistence.

[Rodriguez] Attention, listeners of "Straight Talk." This is not a joke; it is an analysis. Vladia has helped us think about a very interesting issue, an issue that concerns everyone: Families, society, and of course, the institutions that are in charge of this work. Thank you very much, Vladia, for sharing these thoughts with us.

Cuba: Commentary Criticizes Cuban Media on Press Day

PA1603231696 Havana Radio Rebelde Network in Spanish 1800 GMT 14 Mar 96

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] Today, we are commemorating Cuban Press Day and I should have prepared a panegyric. However, I believe the best way to commemorate Press Day is by criticizing the media, unless we are all pleased with how well we are working and the excellent product we are delivering to the people, which is not true.

Our media does not lie, but it is often slow. Journalism is related to history, but it is not history. Journalism is a source of history, because of its capacity to reflect reality and interpret it almost immediately. I believe that I have noticed in our work a certain stuffiness, some [word indistinct] smell, and this causes it to lose grace and hence, attractiveness. The communication process not only has an ethical side, but also an aesthetical one.

The criticisms of our media are occasional and often superfluous. Thus, I believe these criticisms do not contribute much to this additional aspect in perfecting our society, which we know quite well is not perfect. Our country is facing an undoubtedly difficult period, which requires firmness in our principles, but also great creativity. We are immersed in an innovative project in today's complex world. This challenge involves the profound exercise of thinking, transmitting ideas, and engaging in necessary debates. The media should take active part in this creative process and should endorse initiatives originating in other sectors of our society. The indispensable unity that we need now, more than ever, is buttressed by the conscientious and participative contribution of a majority of our society.

I am making this analysis of our own work as journalists, because dissatisfaction is as much a motivation to improve as self-praise, which puts a damper on the character and opens the doors to mediocrity. Today, more than ever, we need to strengthen the Cuban thought process. If we truly believe in this, we must learn every

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day from the greatest Cuban we ever had, that unparalleled journalist who was Jose Marti.

Cuba: Ministry Reiterates Rejection of U.S. Law

PA1603005696 Havana PRENSA LATINA in Spanish 1836 GMT 14 Mar 96

[FBIS Translated Text] Havana, 14 Mar (PL) — Cuba today reiterated that the recently promulgated Helms-Burton law is a flagrant U.S. violation of the Cuban people's human rights and a serious intervention into the internal affairs of every country in the entire world.

Marianela Ferrol, spokesperson for the Cuban Foreign Ministry, said in her weekly news conference that the growing international repudiation and rejection of this law by numerous countries proves that the United States is alone in its anti-Cuban policy.

Ferrol said the Cuban Revolution can neither be destroyed nor defeated, because the Cuban people have always been able to confront victoriously the most complex situations created by the "unjust and unreasonable" U.S. position.

Later in the news conference, and on the occasion of the International Day of Solidarity With Lebanon, Ferrol criticized Israel's aggressions against this country and demanded that Tel Aviv abide by the UN resolutions asking that the occupied Lebanese territories be returned.

Ferrol reported that Jorge Bolanos, Cuban first deputy foreign minister, departed for Santiago, Chile, today. This country will be the first stop of a tour that includes Argentina, Brazil, Colombia, Venezuela, Uruguay, and Mexico.

During this tour, Bolanos will meet with those countries' authorities and state Cuba's position to them under the present circumstances.

Answering a question, Ferrol reported that a delegation of the International Civil Aviation Organization (ICAO) is expected in Havana within the next two weeks "to carry out an investigation on all violations of the Cuban airspace."

She pointed out that talks have been held and preparations have been made regarding the visit. She confirmed that the ICAO delegation will receive complete governmental cooperation for the investigation of the facts that led to the 24 February incidents.

Finally, she reported that the European Union has just designated Jose Miguel Anacoreta to preside over its delegation in the talks with Cuba. Ferrol thus denied any cancelation of this process that was initiated late in 1995.

Cuba: Fidel Castro Backs Bolivia as World Cup Host

PA1703141896 Havana Radio Havana Cuba in Spanish 0000 GMT 15 Mar 96

["Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro has sent a letter to Bolivian President Gonzalo Sanchez de Lozada stating his support for La Paz to be a location for the elimination games of the world cup soccer championship.

Through Cuban Ambassador to Bolivia, Carmen Elena Herrera, the Cuban leader expressed his total support for Bolivia's right to see that La Paz, more than 3,000 meters above sea level, hosts not only soccer games, but also any other international sports event.

Cuba: 'Straight Talk' on U.S. Law, Electronic Station

PA1703234096 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Mar 96

["Straight Talk" program with journalist Eddie Jimenez and program host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] What are the contents of the Helms-Burton law? That is the topic we will discuss today with journalist Eddie Jimenez. Eddie, the microphone is yours.

[Jimenez] We have in our hands a summary, a brief summary of the main aspects of the law, which was recently signed by President Bill Clinton.

[Rodriguez] That is good because in a recent program you were complaining that you did not have access to the summary.

[Jimenez] Yes, but before examining the articles of this freak, I only want to briefly comment on something and even though we already knew about it, it is worth repeating. Even if this law had been signed without Article 3 — remember it allows any U.S. citizen to claim a property he claimed to have owned here in Cuba — this U.S. law is totally unacceptable for Cuba; it is logical Cuba would find it unacceptable. It would have had to be condemned by our country because it represents an aggression against us and is an interference in our domestic affairs.

[Rodriguez] It also interferes with the domestic affairs of other countries of the world.

[Jimenez] I can simply say that 95 years after the imposition of the Platt Amendment at the start of the century, where they meddled with part of our

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independence that had been won by our Mambises [Cuban natives who fought against the Spaniards], now the United States is trying to impose another U.S. law, in this case the Helms-Burton law, which also tries to restrict, to suffocate our country, to enjoy our riches themselves.

[Rodriguez] You failed to mention the blockade law.

[Jimenez] That is right.

[Rodriguez] We can also mention the Torricelli law. It has been a well-studied, step-by-step escalation with the same purpose in mind.

[Jimenez] It not only tries to suffocate us, it...

[Rodriguez, interrupting] We can say it is quite an old law.

[Jimenez] It represents what the United States has been trying to do to Cuba since the last century. In some cases, such as the Platt Amendment, it has been partly successful.

[Rodriguez] We can see how intentions are inherited from one generation to the other. The current congressmen could not have even participated or thought of participating in those first U.S. attempts to occupy Cuba.

[Jimenez] In this case they forgot something. We are not living in 1901, when the Yankee soldiers were put here. They were put here and they could impose a Platt Amendment on us, now it is quite different. Now they have to try to impose it on us. It will now be up to us to solve our problems. Let us directly discuss the articles because we have little time. I would tell you that one of the points that grabs my attention the most is the one that calls on the President to seek at the UN Security Council an international embargo against Cuba. It is practically impossible. First, because we have to bear in mind the adverse reaction caused by the Helms-Burton bill, even among its most faithful allies. This is going to be quite impossible to attain. We must also bear in mind the recent U.S. defeat at the Security Council when it tried to condemn us over the plane incident.

[Rodriguez] Attempts to isolate Cuba have a precedent. The precedent can be found when the economic blockade was imposed on our country and they forced Latin America, with the always honorable exception of Mexico, to break relations with us. That is why, when they say that Cuba is seeking to reinsert itself into Latin America, I believe the concept is wrong. I believe Latin America has once again opened up its doors to Cuba, which is different.

[Jimenez] Times have changed Osvaldo. You are completely right. You can see the defeat the United States suffered at the Security Council and the support Cuba received from the Latin American nations and from the nonaligned countries so that its voice could be heard at the UN General Assembly. The empire was totally isolated in this.

[Rodriguez] What are the contents of the Helms-Burton law? That is the topic we are discussing with journalist Eddie Jimenez today. Eddie, you already talked about the first point.

[Jimenez] We have something here, which I would also like to talk about. The second point. It requires U.S. officials to vote against Cuba's admission to international financial institutions and against all loans to the island by these institutions. This policy is not new. The United States has always exerted pressure to try to prevent Cuba from receiving loans. What they are trying to do in this case is to prevent Cuba from refinancing its foreign debt as a means of receiving new loans.

[Rodriguez] Of course. They have been at it for a long time.

[Jimenez] The third point. The Helms-Burton law places conditions on U.S. aid to the former socialist countries that say that their trade with Cuba should only be conducted at market prices. Actually, Osvaldo, our country's current trade with the former socialist countries are precisely at that level, at the market price level. It appears that Messrs. Helms and Burton are more afraid about the future than of the present. They are afraid that Cuba and, especially, Russia, will once again enjoy more active trading in which we could receive financing, which is possible. There are many common interests.

[Rodriguez] There are rapprochement efforts being made.

[Jimenez] Financing for Cuba is also beneficial for these countries.

[Rodriguez] At one point we depended greatly on that market, but at the same time that market depended on some of our products.

[Jimenez] We can clearly see this in point four, which I would like to talk about. It requires U.S. officials to cut aid to Russia by an amount similar to what Russia pays Cuba for the use of the Lourdes electronic station. As is logical, they are trying to isolate Cuba from a current capitalist power, which is directing its economic policies according to market forces but with which we have achieved levels of understanding.

[Rodriguez] For our listeners, who are not well informed about the Lourdes station, it is an electronic spy station, which monitors U.S. airwaves from Cuban territory. It even monitors all systems used by the Armed Forces,

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U.S. communications, and others. The existence of this center was made known a long time ago. It has been disclosed that Russia pays Cuba for the use of this station.

[Jimenez] It is a sovereign agreement between states. The Helms-Burton law calls for the purchase of a UHF transmitter for Television Marti, which makes it more difficult to jam. This war of the airwaves between the United States and Cuba is a war that has already been condemned by the international organizations in charge of these matters. It is one of the topics on which they continue to insist, even though everyone knows that, despite the efforts made by almighty U.S. technology, they have never been able to get the Cubans to watch Television Marti. They will continue to spend taxpayers' money on this.

[Rodriguez] It is also a way of financing certain groups, certain foundations that belong to the most reactionary groups in Miami.

[Jimenez] The Helms-Burton law freezes aid to all nations that cooperate in the completion of the Juragua Nuclear Power Plant in an amount equal to the credit the nation may offer Cuba. In this case they are trying to stop our development in our attempts to find new energy technology. They are also condemning us to live in an underdeveloped stage. They have dozens of nuclear plants in the United States. Any error, any defect in those nuclear plants could also adversely affect Cuba.

[Rodriguez] We must say that they have also had nuclear accidents as big as the one in Chernobyl, although not with the Chernobyl consequences. There was an accident in Pennsylvania; it was a serious accident. The thing is that it could be controlled, and there were no leaks as happened in Chernobyl.

[Jimenez] The United States is also trying to avoid technological competition by other powers in the area.

[Rodriguez] Of course.

[Jimenez] Meaning America for the United States.

[Rodriguez] Today we are discussing the contents of the Helms-Burton law with journalist Eddie Jimenez. Eddie, you have mentioned several important aspects of this legal freak, called Helms-Burton. Do you have any more?

[Jimenez] I have two more, but I am going to discuss them as one because of time constraints.

[Rodriguez] I know you are not about to read the entire law here.

[Jimenez] The entire law is 66 pages long.

[Rodriguez] Could you imagine reading all that.

[Jimenez] The law states that any citizen, by birth or by naturalization, may file a lawsuit against any person or entity that may have benefited from properties that have been confiscated in Cuba. It requires — this is another point, but I am going to combine them as one — visas to be denied to businessmen or their representatives who may do business with the properties confiscated from U.S. citizens.

[Rodriguez] Even the language is old.

[Jimenez] The objective in both cases is very clear. They want to stop the flow of foreign investments to Cuba. They are also trying to include the entire world in their blockade policy. We had talked about this in the previous program. Remember that in the beginning Clinton was opposed to this law. He had even threatened to veto the law, however, he negotiated. He negotiated support for the law asking that he be allowed to suspend the measure for six months when he thought it advisable for U.S. interests. The law would go into effect on 1 August, less than three months before U.S. presidential elections. If he suspends the law he would run a political risk.

[Rodriguez] What is that political risk?

[Clinton] The political risk of being accused of being soft on Cuba, of being accused of signing the Helms-Burton law and not implementing this point, which is vital for the Republicans, who were the ones who wanted it the most.

[Rodriguez] Ricardo Alarcon said on television recently that the day the Helms-Burton law was signed Miami would become the capital of the United States. I believe all of this is nothing more than support for the extreme right-wing groups in Miami, the ones who did not give their support to Clinton in the elections. I doubt very much they will support him now.

[Jimenez] This is a document that was clearly signed with election purposes in mind. Clinton is seeking to reelect himself amid a campaign in which candidates are playing the right-wingers game very hard. I will repeat the same thing I told you during the previous program. Clinton has been a loser in this case. He has even given up presidential prerogatives to Congress. Both parties, in this case, have united. In this case the Democrats are trying to prove they are more Republican than the Republicans. I believe this is important because this law turns into law all the executive orders given by the Presidency with regard to Cuba and the embargo.

[Rodriguez] What they call embargo and what we clearly call blockade.

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[Jimenez] This prevents the president from changing his policy because he would first need the support of Congress.

[Rodriguez] Calling it an embargo is a euphemism. Eddie, when you talked about the Republicans and the Democrats, it has always been said that there is no bipartisan system in the United States. There is a single party system there and it is increasingly difficult to determine where one ends the other begins.

[Jimenez] Two bodies with one head as someone said.

[Rodriguez] I believe it is very difficult to know where the ideas of one party end and the ideas of the other party begin. Actually, they have similar ideas. There is simply a separation of economic interests. You see that a Democratic president goes away, a Republican comes along, and the same program is continued. I am convinced that the forerunner of this law was reviewed by the Republicans and was then signed by a Democrat.

[Jimenez] There are more than enough examples of this, from the embargo on the Cuban sugar quota established by a Republican, Eisenhower, to the Torricelli law, which was introduced by a Democrat.

[Rodriguez] It was Kennedy who implemented the blockade.

[Jimenez] He was the one who masterminded and implemented the blockade.

[Rodriguez] In view of all this, I propose we continue the discussion of the Helms-Burton law on Monday, 18 March. Thank you very much Eddie Jimenez.

Cuba: Castro Sends Letter to Workers on Journalist Day

PA1603215896 Havana Radio Rebelde Network in Spanish 1800 GMT 15 Mar 96

[Letter of congratulations from President Fidel Castro to Cuban journalists, on the occasion of Journalist Day; date of letter not given]

[FBIS Translated Text] On the occasion of Cuban journalists commemorating Journalist Day this past Thursday, Commander in Chief Fidel Castro sent a letter congratulating all workers in the sector, the text of which states the following:

My Dear Comrades. Faithful to the legacy of illustrious Cubans who honorably and competently practiced journalism, and genuine perpetuators of the dissemination of those ideas spawned amid the war of liberation, our revolutionary press, as of the January 1959 victory, has taken part in the people's decisive struggle and in the most diverse and critical tasks of reconstructing society.

Never before has the country been able to count on so many journalists who are motivated and committed to the destiny of the people, and to the task which we built and safeguard with passion.

The noticeable workers reduction which the media was forced to implement since the beginning of the special period introduced an extraordinary challenge, which you responded to with renewed determination and persistence.

It must be stated that amid the pillars that have supported the people's resistance during these difficult times, we find our press with its permanent analytical message of encouragement and protection of our inalienable principles.

We can count on a media system of extraordinary capabilities, deeply rooted among the people, thanks to its truthfulness and efficient service. The most recent evidence of this lies in the role carried out domestically and internationally to inform and maintain the firm position of the Cuban Government and people with respect to the events that took place this past 24 February.

No press coverage of these times has been as completely and effectively debated as the one that took place during those days.

We highly appreciate the performance of all the leaders of the press at all levels and we place trust in the invincible deployment of professionals which you all prove to be.

The critical time that we are experiencing urges us to prepare ourselves even more, to prepare our proven forces to win the ideological struggle that increases which each enemy action, to work harder so that the national and provincial media will be one more faithful reflection of our accomplishments and deficiencies, and to provide an accurate response to the population's need for information and entertainment.

On the occasion of Journalist Day, when we also commemorate the creation of the PATRIA newspaper, I send my congratulations convinced that you will all maintain the ethics that have been your main characteristic, continue to improve Cuban journalism, and invariably defend the interests of the people, of the revolution and socialism.

Fraternally, Fidel Castro Ruz.

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Cuba: Official Meets With Chilean Foreign Minister

PA1803013296 Havana PRENSA LATINA in Spanish 2107 GMT 15 Mar 96

[FBIS Translated Text] Santiago de Chile, 15 Mar (PL) — Cuban Vice Foreign Minister Jorge Bolanos met today with Chilean Foreign Minister Jose Miguel Insulza to discuss his government's position with regard to the current situation.

We have come here to discuss our views for the Chileans to reach their own conclusions, the Cuban official told the media shortly after the meeting.

This is the Cuban official's first stopover in his South American tour, which will later take him to Bolivia, Brazil, Uruguay, Argentina, Colombia, and Venezuela.

I told Foreign Minister Insulza our view of the Helms-Burton law and all the events that led to the 24 February downing of the planes. I have also emphasized that this incident cannot be evaluated separately, but within the context of the aggression withstood by my country for 37 years, Bolanos said.

We also told him that over the past 20 months, we warned the U.S. Government — on 25 occasions — about the violations being committed in Cuban territory, the dangers these actions entailed, and the repercussions they might involve if measures were not adopted, the Cuban vice foreign minister noted.

To understand the stance of the Cuban Government on this matter, he explained, one must know about the history of aggressions suffered over the past 37 years. "Cuba is today what it is because it has always been willing to pay the necessary price for defending its independence, its sovereignty, and the dignity of the Cuban people," he added.

Concerning the Helms-Burton law, Jorge Bolanos said that it is a very serious law. "It is so serious that it has no precedents in the history of relations between two countries, or in the history of international trade," he emphasized.

He argued that this ploy tightens the measures against Cuba and turns them into laws with international standing. In addition, it seeks to force other countries to comply with regulations adopted by the U.S. Congress and courts.

However, he stated, the international reaction has been unanimous and unmistakably a rejection of the law, both by U.S. partners such as Canada and Mexico and by the EU, the Rio Group, France and the United Kingdom. There is a worldwide rejection of the law, he noted.

Despite the additional snags this will entail for the Cuban people, the Cuban vice foreign minister stressed that his country will continue the process of economic adjustment, with investments of foreign capital.

Cuba: Americas Department Condemns Helms-Burton Law

PA1703013196 Panama City EL PANAMA AMERICA in Spanish 16 Mar 96 p 3A

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] Yesterday, Jose Antonio Arbesu, head of the Americas Department of the Cuban Communist Party [PCC], stressed that the United States intends to impose its laws on the rest of the Latin American countries by applying economic restrictions through the Helms-Burton law, but it "will not weaken the Cuban Government or its friends."

Arbesu stated that the toughening of the embargo by the Clinton administration "is not something over which we will lose any sleep" and that Cuba's economic situation will become somewhat more difficult, but it will "survive."

The PCC representative declared that "his country anticipates the support of the rest of the Latin American countries at this time" to confront this new aggression.

Jose Antonio Arbesu, who is taking part in the Permanent Conference of Latin American Political Parties [Copppal], said that he will be explaining Cuba's situation to the members of this organization in order to obtain their support.

He also claims that the sanctions are an action against civilization and that the law is not a legislation that will be employed directly against Cuba, but against all countries that have links with the island.

According to Arbesu, the "Cuban system will not weaken" and the application of the bill will only unite the Cuban people more in its struggle to maintain its identity as a free country. [as published]

The head of the Americas Department stated that the Cuban Government is already working on contingency measures to deal with the new aggression being carried out by the U.S. Government.

The Helms-Burton law contemplates commercial penalties against those countries that maintain business relations with the Castro regime, and anticipates lawsuits from Cuban exiles against individuals who may have confiscated their properties. [as published]

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Cuba: Reporters on Role of Youth, Related Problems

PA1903001096 Havana Radio Rebelde Network in Spanish 1255 GMT 16 Mar 96

["Doing Radio" program with Alina Perera and Eduardo Jimenez, JUVENTUD REBELDE reporters; Guillermo Morales, "Doing Radio" reporter; and Juan Orlando Perez, TRIBUNA reporter and professor of Communications at Havana University by unidentified female moderator and moderator Felix Garrido]

[FBIS Translated Text] [Unidentified reporter] We have a group of young reporters, who are here to discuss a proposal.

[Jimenez] Today's program will feature the work being done at present by young journalists. This is the reason why we thought it would be useful to bring in several journalists who are in direct contact with news and communications. We wanted to discuss basically the current problems being faced by the Cuban youth, their main goals, and what role their generation will play within Cuba's current context. Without any further delay, Alina Perera will begin this discussion.

[Perera] I believe the most important step to take is to make a typification of the current Cuban youth, that is, the role they play within Cuba's historic process. No one questions that despite the many difficulties Cuban youth must overcome due to its heterogeneous nature and [word indistinct] negative conduct, they are perpetuating a project of an independent nation, which dates back one hundred years. As a result, they are faced with the enormous challenge of — without ever experiencing life in a capitalist system — perpetuating this project of an independent nation, the future of which can never lead us to the most alienating system experienced by our predecessors.

[Jimenez] To perpetuate is rather a passive verb. I believe our youth are doing more than perpetuating this project. I would like to discuss the Cuban youth within the context of their activities. How do they perpetuate this nation through their activities? What are their conflicts?

[Perera] The most important aspect to clarify why our youth are essential to this project of an independent nation is that this group makes up more than 50 percent of the Cuban population. Of the 3 million Cubans who constitute the labor sector, 1 million are young Cubans. This is quite a large number. In addition to anything we might say about our youth and their challenges, I believe their signifant role from the historic point of view is incontestable. Now, we believe that with the special period — and the experts have agreed on this — the youth entered a sort of apathy in which their expectations — which were very high in the wake of the socialist [word indistinct] — did not [word indistinct]. However, the value of work — protected by egalitarianism and paternalism — and a somewhat distorted concept of happiness — I would say....

[Jimenez, interrupting] Should we say based on consumption?

[Perera] In a way. All of these aspects caused frustration among different sectors of the Cuban youth starting from the special period. I believe that this challenge, which we tend to regard in a negative sense, will be overcome as the special period is also overcome. I can tell you that, according to a research expert in Havana City, today, as compared to many years ago, regarding the balance between losing hope and keeping faith, our chances are more than 50 percent in being able to overcome this situation. Before, there might have been a balance: There were groups that lost hope, did not understand and did not [word indistinct] the light of this special period. Now, more than 50 percent of the Cuban youth view the situation positively and believe they can change it.

[Jimenez] What is your opinion Juan Orlando?

[Perez] Eduardo, I would like to stress the point you made before, that the role of our youth is not simply that of perpetuating the historic project of the Cuban nation. In other words, we should seriously weigh our generation's contribution to the project. I believe that, first of all, our generation contributes a critical and refreshing vision to the Cuban project. Unquestionably, our generation is the first one to come of age after being born, raised, and educated in the bosom of the revolution and the revolutionary process. Therefore, even though our generation was not responsible and was not the author of the great epic of the Cuban liberation, it does contribute a critical vision, because it is not responsible either for certain developmental blunders and it feels absolutely free to criticize and promote a renewal of the project from within the project. I believe our generation will contribute a qualitatively superior phase of the project, because it has received an education and training unprecedented in our country's history. Ours might be the generation....

[Jimenez, interrupting] Orlando, I am very interested in your observation of the critical vision that our generation might contribute to the Cuban project. However, I sometimes get the impression that with regard to this critical potential, some groups of our youth display irrational undertones. In other words, at times, this criticism is not based on a full knowledge of the facts, our history, or our tradition, and occasionally, it is not positive.

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Sometimes, this attitude leads to a lack of communication whenever issues are discussed.

In a way, this attitude is natural and irremediable: The youth, by nature, are prone to [word indistinct], criticizing everything and [word indistinct] everything, sometimes, without much thought, just for the pleasure and the need of criticizing and [word indistinct] something. I believe that despite this, this irrational attitude is not the rule among our youth. Proof of this is what Alina said — that although our generation has endured all these hardships, and difficulties with the special period, it has not succumbed. In other words, our generation has withstood very difficult trials. We have truly lost many people and we might lose even more yet. However, as a rule, our youth have withstood this current situation, they are here, and they are promoting this project. Our youth are participating, even if — as you have contended — their views are often irrational and the [word indistinct] totally absolute.

[Perez] I am interested in this because, in general, the youth are pigeonholed as either good or bad. However, people often disregard that the youth constitute a distinctive group with its own characteristics, which must be respected. One should not approach them as being good or bad, but one should analyze them within the framework of their contradictions.

[Unidentified reporter] Friends, we have been talking about the youth in Cuba and what the group represents; statistically, they represent 30 percent of the work force. They have assessed the generation, which will definitely have the future in its hands, along with the situation regarding the special period. They left these topics, and three or more topics, open for discussion. Alina, I believe you were quite interested in something a few minutes ago. I believe it is appropriate to share this with our listeners.

[Perera] I believe it is a riveting topic. I wanted to make a general characterization of the most recent generations and, based on this, begin to discuss other specific issues. For example, I would say the new generation, meaning us, is seen by the specialists who studied us as a very heterogeneous group interest-wise. This is no secret, right? Nevertheless, we have something in common — our high levels of education and access to culture in the general sense of the word.

Well, one of the most interesting things we have experienced as a generation is participation in the nation's political life at an early age. In other words, we are actively involved in this country's political destiny from the time we become pioneers. This continues throughout our adolescence until we become adults, even for those who are not activists, because this is rhetoric that encompasses all the groups of young people.

Another interesting thing I wanted to discuss — I want Orlando to elaborate on this — is the fact that any Cuban born after the revolution and raised in the revolution, now has his own ethical standards — wherever he may be, on any part of the planet — based on principles that have prevailed for 30 years; he now has his own humanistic values of justice, which advocate equality, which accept man as a, let us say, human wonder, a beautiful wonder, because that is what we were taught. Therefore, in addition to the political position and any other position he may want to adopt, there is a weltanschauung, and that is the revolution's imprint in recent generations.

[Perez] Yes, Alina. There is something important in what you said. There is a lot of talk about a crisis of values and there is certainly a crisis of values, to a certain extent. Certain values are changing and certain values have deteriorated, but the essence of values which identify the Cuban nation and this generation, well, much of this has been preserved, much of this remains strong, even among sectors and young people who have forsaken the project and abandoned the country.

There is an interesting poll conducted by the Havana University's Center of Studies for Political Alternatives in 1994. Young people who migrated, the rafters, most of whom — as we all know — are young people, were asked what ideals they hold for the country where they would like to live. The most interesting thing was that most of them answered that their ideal of the country where they would like to live was Cuba in the 1980s, Cuba before it entered the special period, meaning Cuba prior to the special period, or even, in the worst case, a mixture of the Cuban society's characteristics with the characteristics of the developed capitalist society in which they hoped to live. This means that many strengths remain underneath the scheme of the crisis, underneath the perspective of the crisis, even among those people.

[Unidentified reporter] Yes. I would like to comment on this, because I believe I should mention something. We generally tend to talk about a crisis of values and to assume that this concept of a crisis of values is also Cuba's specific patrimony, if I may use the word. Actually, there is an acute crisis of values at the international level, at the world level, given all the current problems — economic, political, and social — regarding the development of life at the end of the century. Therefore, I believe that what you mention is important. There is obviously a change in values

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because we are involved in a fragile situation and we face a situation full of complexities and different expectations, but certain phenomena and values remain. They are, in essence, the result of a formation in a specific society, meaning ours. I also want you to emphasize this.

[Garrido] Also...

[Perera, interrupting] Yes, but the thing is...

[Unidentified reporter, interrupting] One moment, Garrido wants to say something.

[Garrido] I said there are also new values, values that emerge precisely due to the new role that young people have in a society like ours. These values are consolidated and based on the people's sentiments — new things, new ideas, ideas that are tremendously profound — even if there are contradictions and even if there are sectors among the young people which have yet to fulfill their true role. However, I believe that is not the general case, and reason will prevail in the debates and confrontations.

[Pereda] I agree Garrido, and I do not think we should fear the word crisis. I do not think there is a crisis anyhow. I believe what is happening with the Cuban youth is that there has been changes and that the young Cubans are trying to understand the special period. Expectations must exist. This has been a traumatic period. It has not been easy. This must be understood. This will no longer be the bonanza country that had everything. Now, everything depends on us, on our own work. This is very difficult to understand for a person has had everything without having to exert great efforts.

This is why this is very difficult. I believe, though, that in the long term we will eventually overcome this traumatic process that some describe as a crisis and others as a deterioration of values. I would like for Guillermo to state his opinion.

[Garrido] I fully agree.

[Morales] We must realize that this generation, today's youth, was raised at the dawn of the revolution, not in the midst of the generational conflict of the 1960's. This young generation, in spite of frustrations — which logically must exist — in spite of a tendency toward consumption, and of other expectations, this young generation has revived values such as anti-imperialism and the fatherland. Cuba is in the blood of the young people. They like Cuba despite the outlook. They do not want to make capitalist-style changes. But, they want to transform the country from their own point of view, but still while living in Cuba. Fatherland, anti-imperialism, all of these are beautiful values.

[Garrido] I think that rather than to transform it, we must continue consolidating and developing it. This is the aspect we should work on. Also, I do not think there has been a generational conflict because our society has evolved. The young men of the 1960's were the artillery men of Playa Giron. At that time they were 14 or 15 years old and their attitude, Little Guillermo, was really praiseworthy, commendable.

[Female moderator] Garrido, I think we agree on some things. I think that you and I agree.

[Garrido] We agree we have the same age. [laughs]

[Pereda] We agree on the first aspect you mentioned, on the debate continuing. We agree that the revolution must be maintained, but it must also be improved, transformed. This is what Little Guillermo was aiming at. I was just going to ask them to put emphasis on this. What kind of participation has this generation had in the work of the revolution?. You touched on this at the beginning.

[Perez] Eduardo, we must realize that our expectations and our opinions and evaluations will not be the same as those of previous generations.

[Jimenez] I think that what Guillermo said makes sense. It is evident that we are two different generations. As Alina said, are united by a common string, the string of a humanistic point of view that contains the feelings and historic commitments of the revolution. This does not mean that our points of view will not be different. Values for measuring people have changed and the expectations of the young with regard to their social role and individual possibilities have also changed.

When we speak of the crisis, we do not have to see it as the apocalypse. Crises are a climatic moment when changes become necessary, and changes are what our young people are promoting. These changes are not aimed at destroying, but at developing and at strengthening, especially humanistic ethics bestowed upon us, ethical values we have inherited, that we defend with pleasure, because we know they mean salvation and are a struggle against isolation, in the case of Cuba.

I think this is the most viable possibility of the Cuban youth nowadays: To defend these values.

[Pereda] I do not want to brag about being young, but I feel privileged to live in Cuba at this moment, in spite of all the objective difficulties of the current situation. It is incredible to see how the young people have adapted themselves to the situation, how there are new concepts. Not long ago you would never find a young man seeking self-employment. For example, this has its negative side,

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but it also has positive angles. There are young men who have two and even three jobs. There are young people seeking employment, thinking about improving themselves professionally, but realizing that they must work also, because they need a salary to help the family because they want to pull out of a difficult situation.

Work has a new meaning. There has been no negative paralysis, no strike in the face of a difficult situation. The potential, creativeness, the intelligence of the young people have been mobilized to march forward. I think this is most important. This is the most beautiful part, the reality and fantasy mixture that Carpentier spoke about. In spite of ugliness and anxiety, we are beautiful, and we the Cuban young continue respecting the elderly, those who have more experience in this process, but we want to march on and present a new perspective to the independent nation.

[Female moderator] If you give me a moment, I will say that one issue these young people want to discuss is happiness, their view of happiness. They have already said how they perceive happiness. They are happy to be young, to have challenges, to have inherited beautiful things, something good, and happy to be able to contribute something.

I have been told that Alvaro de Alvarez, is on a mobile phone working on something of econmomic importance, but now he wants to join the dialogue. Are you listening, Alvaro?

[Perez] He is from our own generation.

[De Alvarez] Yes, Loli. I am listening. I wanted to join your dialogue, because I do agree with Guillermo that there have been generational gaps. Evidence of this is that Loli and Garrido, who are of the same age, agree. The people who are...

[Garrido, interrupting] What? What? Please repeat that. I did not hear well.

[De Alvarez] When Garrido said he did not believe that there was a generational conflict, Loli said, I agree with Garrido. What you said, Garrido, is true. The young people have been a constant all the time, but I believe there was a time when there was a generational gap.

[Female moderator] Alvaro, do not go Manichaean.

[Garrido] [Laughs]

[Female moderator] You would be saying yourself that you are getting old. I told Garrido: I agree with you in everything, but especially on emphasizing the first aspect in this debate. You are putting emphasis on the second aspect. This is fine. This is a debate. I found it more interesting to put emphasis on this first aspect.

[Garrido] One little thing. I will take only 15 seconds.

[De Alvarez] Yes, Garrido?

[Garrido] I said there has never been a generational conflict, because the men of this revolution, those who are children, the young, and the adults, may not be of the same age, but are contemporary. We live in the same period, we struggle for the same goals and we are thinking about the same. So there is no difference because of age, there is no generational crisis. This is my point of view.

[De Alvarez] Everybody is entitled to a point of view. It is evident that the young people always believe anything can be done. Garrido, living in these years is looked at with passion. I was telling Juan Orlando that this is characteristic of the times. I like the opinion expressed by Juan Orlando and I wanted to touch on that. I do not know if you want to continue discussing this. I want to say that the age-bracket of the majority of the labor force of the site where I was today was 18 to 23. This makes the contribution rate of 30-percent evident regarding youth representation in the country's labor force.

[Female moderator] Alvaro: Juan Orlando wants to say something regarding what you have just said. Let us give him an opportunity.

[De Alvarez] Of course.

[Perez] I have been talking with the young men in the studio. I say young men because we are proud to be the young men of this period. We do not have to be afraid of the word conflict. Conflict does not mean that one generation is opposed to another in matters of plans, strategic goals, or in human quality. This is not it. It is that two generations enduring a critical moment — the transition from one phase to another very different phase — will go through conflicts, confrontations, and even significant problems.

[Female moderator] Juan Orlando: Is there a crisis or not? Are there conflicts or not? Is it good to have them, or not? Let us leave these questions floating in the air.

Cuba: Commentary Condemns U.S. 'Political Masochism'

PA1803125896 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Mar 96

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] This past week has been branded by the international community's rejection of the Helms-Burton law in peremptory terms. After

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President Clinton had censured this law during its discussion at Congress, because he had deemed it as harmful to U.S. interests, he finally decided to act inconsistently and sign it as a political maneuver. By making this decision, Clinton transferred presidential rights to Congress. According to the text of this law, he should assume duties under the orders of a legislature that is controlled by a conservative ultra-right group with a Republican majority.

In short, let us look at the provisions of this law under Title I, Section 101, which formulates political guidelines. Its second paragraph, as per my free translation of the original text in English, reads as follows, quote: The president should appeal before and should instruct the U.S. permanent representative to the United Nations to recommend to and seek from the Security Council a mandatory embargo, let it be understood, a complete blockade against the totalitarian Cuban Government, unquote.

Masochism is a subject for study in clinical psychology and psychiatry, but it is an exotic matter in politics, although there are always surprises in the Lord's flock. Clinton should order Mrs. Madeleine Albright to seek before the Security Council an overwhelming defeat of the United States, because the international community rejects the Helms-Burton law and firmly opposes the internationalization of the Yankee blockade against our country. On the contrary, today the great majority leans toward strengthening mutually beneficial commercial relations with Cuba. This is, in fact, what is taking place with the EU, Latin America, the Caribbean, Russia, and other countries from Central and Eastern Europe, Asia, and Africa.

Even the presidential declaration — which the United States achieved after the downing of two U.S. planes in Cuban airspace and over our territorial waters — did not express condemnation against Cuba, but it rather expressed regret. Does Washington believe that the Security Council will support its objective of dictating an international blockade against Cuba? No one in his right mind believes that this option has the slightest chance. Nevertheless, Clinton has signed a law that forces him to take this step. Unless (?pragmatism) and basic common sense prevail over the law and the White House plays no part in enforcing it, we would confront a clinical case that neither Freud's school nor his followers knew about: Political masochism.

Cuba: U.S. Announces Lottery for Migrating Cubans

PA1803153796 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] [Unidentified announcer] The U.S. Government has announced the second Special Cuban Immigration Program, PEIC, which, by means of a lottery, gives Cubans who do not have relatives in the United States the opportunity to migrate legally.

The eligibility criteria and the registration procedures for the second program are similar, not identical to those of the first program. All Cubans who live in Cuba and are between 18 and 55 years of age will be eligible for the program, and those who participated in the first program must register again.

[Announcer Dulce Maria Corbelle] In order to register, people must mail a sealed envelope to the U.S. Interest Section in Havana, PO Box 6831, Havana, Cuba. Inside the envelope, the participants must include a sheet of paper with the following information: Full name, birthdate, Cuban identification number, address, marital status, and, if applicable, your spouse's name and the number of single children under 21.

[Announcer] Only those envelopes mailed to the U.S. Interest Section between 15 March and 30 April 1996 will be accepted. Those who mail more than one envelope will be disqualified. The petitions will be selected at random, and the U.S. Interest Section will notify those who are selected to be interviewed.

[Corbelle] To be eligible for this new lottery program, participants must answer affirmatively to two of the following three questions: Have you finished high school or any other higher education program? Do you have at least three years' worth of work experience? Do you have relatives in the United States?

[Announcer] According to U.S. immigration laws, participants must also undergo a medical checkup and have no criminal record and no legal debts pending.

Cuba: Government Evaluating Bishops' Document

PA1803040396 Havana PRENSA LATINA in Spanish 2013 GMT 16 Mar 96

[Report by Javier Rodriguez]

[FBIS Translated Text] Havana, 16 Mar (PL) — Foreign Minister Roberto Robaina said today Cuba is carefully studying a document that has just been issued by the Catholic Bishops Conference, to learn the reasons and objectives that led to this declaration, even though the

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government does not consider urgent the need for a reply.

PRENSA LATINA asked Robaina about the document, which passes judgement on events which occurred on 24 February — when aircraft coming from the United States violated the island's airspace and two of the aircraft were shot down — as well as opposition members' activities and the Helms-Burton law's approval.

When asked to comment on the declaration, the foreign minister said: "You must bear in mind that we are involved in a lot of work and a large number of important tasks at this moment, and this is not an urgent issue."

Nevertheless, given the media's insistence, the foreign minister explained that the Cuban Government is carefully studying the declaration, to learn the reasons which led the bishops to sign it, what their motives are, and who inspired it.

In reply to another question, the minister stated his puzzlement over the fact that this position was adopted "precisely at this moment."

Robaina added: The analysis being conducted by the island's government is also intended to learn "if the document is in any way related to the aggressive policy that the U.S. imperialism is currently unleashing against Cuba."

The declaration, adopted during the second ecclesiastical meeting held by local Catholic bishops, was issued at a time when the Antillean nation faces the United States' strengthened economic and commercial blockade, and when Washington strives to internationalize this blockade.

The U.S. project, outlined within the framework of the recently promulgated Helms-Burton law, includes severe fines to countries and businessmen who want to trade with Cuba; and it has already provoked strong opposition in Canada, Mexico, the EU, and many governments on an individual basis, as well as international organizations.

The protests reject the legislation's extraterritorial character, state that it represents a violation of relations and trade among nations, and condemn the enforcement of punitive measures against Cuba.

Cuba: Commentary on U.S. 'Fear' of Cuban Economic Growth

PA1903003596 Havana Radio Havana Cuba in Spanish 0000 GMT 17 March 96

[Commentary by Barbara Bethancourt]

[FBIS Translated Text] Previously, we were penalized for exporting subversion to the continent, or for having intervened in Angola, or for being a Soviet Union satellite.

All those alleged excuses were invalidated, however, their policies remained unchanged.

The justification resorted to, on this occasion, was the downing of two pirate aircraft that violated Cuban air space.

The Helms-Burton law was signed to sanction Cuba for indefectibly having dared to defend its sovereignty.

In Cuba, it is believed that such a criticized legislative monstrosity was signed merely to please the Cuban mafia in Miami which, by the way, is well-known for its generous financial contributions. We also believe that more than penalize us, the objective of the law is to attempt to prevent the definitely increasing progress of the Cuban economy.

Recently, a colleague wrote a commentary which she entitled: Sanctions No, Fear. This is truly the case. They fear that Cuba's 2.5 percent growth last year will multiply — as already forecast — by the end of 1996.

Fear that foreign investments in the island will continue to increase. Fear that the number of countries trading and investing here with all sorts of wide-ranging guarantees will continue to grow. Fear of finding out that despite all types of pressures, threats, tarnishing campaigns, Cuba will continue to establish the viability of its social project to the entire world.

So blind in their hostility toward Cuba that they have even forgotten to disguise not only their disrespect to the island but also to the rest of the world.

They believe they have the power to decertify the planet, thus, it is necessary, should it happen, that they not be obeyed.

How else to explain the passing of such an absurd law which was not even approved when it was already been rejected even by their main allies.

Through their actions they disregard the opinion of the international community which has repeatedly, and ever more increasingly, expressed its repudiation to a blockade against the island which has lasted for more than 30 years.

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The most diverse regional and world forums, from the UN General Assembly, the EU, the Nonaligned Movement, the Rio Group, even governments and all sorts of personalities have called for the end to a policy that has shown its limited likelihood of success, and only serves to cause more obstacles to a nation which has more than proven its resolve to resist.

It is true that at the beginning it will cause an impact on investments. However, Cuba today is in a position to achieve results that will encourage even the most cautious businessman.

This country will continue to offer the world the guarantees of a stable, orderly, and safe society, with a highly trained and specialized labor force, with a potential still to be tapped and marketed, and with a legal system that will benefit anyone who decides to take part in the economic opening process.

They seem to forget that nearly 15 governments have already signed some sort of protection and promotion agreement with Cuba, and that 25 others are currently assessing the possibility.

Not even the interests of major economic sectors inside their own country have been taken into account. These sectors are witnessing how Cuba is opening to the world and that they are the only ones unable to participate.

I am aware they must have already heard all these arguments on numerous occasions and have disregarded them with arrogance, which is a very poor adviser. They are sure that this time they will have their own way. It may be that they really believe they are in the right, or is it that they got on the wrong train, allowed it to gain speed, and are now unsure of how to get off? Well, that is their problem, because as far as we here are concerned, everyone knows what to do and why we have to do it. Safeguarding our independence is an endeavor in which we Cubans are too well-trained and committed for anyone to believe that it is decided in Washington or Florida.

Cuba: Commentary Views Radio, TV Marti Broadcasts Increase

PA1903032096 Havana Radio Havana Cuba in Spanish 0000 GMT 17 Mar 96

["Station commentary" read by Norberto Hernandez]

[FBIS Translated Text] In the past weeks, the United States made several decisions, aimed at strengthening the broadcast of subversive messages to Cuba through the ill-named Radio and Television Marti. On 26 February, U.S. President William Clinton announced a series of aggressive measures, in reprisal — he said — for the Cuban Air Force downing of two pirate airplanes with U.S. licenses. Among the announced steps taken is the U.S. Government bill to ask the Congress for more funds for Radio Marti, compounded now by the content of the Helms-Burton law that Clinton signed last Tuesday.

The text of the aforementioned legislation orders the purchase of a ultrahigh frequency transmitter with the hope that by having that device the signal will not be jammed by the island's experts as is happening to date. Thus conclude the most recent plans seeking open subversion against a sovereign nation, by using a radio electrical spectrum, which is already penetrated without the consent of the Cuban authorities and people.

The United States is taking advantage of this opportunity to work on an old idea, that is, to keep on the air radio and television broadcasts that incite violence and destabilization of established order in Cuba. Since 1990, television signals are being beamed against Cuba despite their enormous cost to U.S. tax payers, who must contribute $98 million a year for this purpose. The aforementioned sum of money was maintained although Republicans and their right-wing who control the Congress are contradictorily bent on curtailing other budget expenditures aimed at federal care programs for the elderly and low-income sectors.

The funds for TV Marti continue rising despite the existence by a ruling by the International Frequency Registry Board on the illegality of this signal. Radio Marti, in turn, is aired to Cuba on shortwave and medium wave from the United States with similar destabilizing characteristics and purposes as the television by the same name. In 1995, this radio station, controlled by the Cuban emigrant's extreme right, raised the number of frequencies, but now the U.S. Government's and Congress' dissatisfaction with such expansion is corroborated since they are proposing more funds to reinforce it.

By including these anti-Cuban plans in a law signed by the U.S. President, that country becomes the main transgressor of the most elementary rules for international coexistence, the most diverse conventions on telecommunications, and the UN Charter. By riding roughshod on Cuba's sovereignty over its radio electrical space, Washington deals a new blow to what has been called the new world order of information, something that is still an aspiration in many countries.

Since 1979, the United Nations has been trying to achieve this new order but the attempt has meant very little to a great many countries, the United States among them, as the latest steps with regard to Cuba demonstrate. The United States is not just making a mockery of the resolutions by the UN General

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Assembly on the unacceptability of the blockade on Cuba, but is also demolishing other provisions of an international scope, such as those regarding the regulation of telecommunications.

Cuba: CDR Hosts Discussions, Workshops on Tax System

PA1903032396 Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 17 Mar 96

[From the "NTV" newscast]

[FBIS Translated Text] As proposed by Commander in Chief Fidel Castro, the Committees for the Defense of the Revolution [CDR] began an evaluation of the tax system throughout the country. Economic experts, and tax administration office's staff will participate in the discussions on the tax system, which will extend to 15 April.

So far, experimental workshops took place in the Sevillano neighborhood, in Havana's 10th of October Municipality, and the people stressed that they were satisfied with the results. Taxes, rates (tasas), and contributions, were among the main topics of interest, in addition to the tax collection process, the distribution in benefits to the people, rights and obligations of taxpayers, and a complete explanation of the allocation of the state's budget in Cuba.

CDR National Coordinator Juan Contino presided over a meeting to discuss the call to celebrate victory day, when CDR members will honor Giron's combatants and their relatives, clean the streets, and make blood donations, among other things. Participants condemned the Helms-Burton law, and, as a strong response to the U.S. Government, called the people to take part in the May Day parade to take place at the historic Revolution Park.

Cuba: Nico Lopez Higher Institute Holds Workshops

PA1903044496 Havana Radio Rebelde Network in Spanish 1255 GMT 18 Mar 96

[From the "Doing Radio" program]

[FBIS Translated Text] Today, debates will continue at the association [sociedad civil] workshop, organized by the Nico Lopez Higher Institute of the Communist Party of Cuba. In four working commissions, the participants analyzed different aspects of this issue. Among the participants there are specialists from numerous national institutions and those involved with the institute's activities. One of the commissions analyzed the subject called associations and track two, where the concept of associations was specifically and extensively debated.

During his participation in the debate, Comrade Roberto Lima, head of the Nico Lopez Higher Institute's philosophy department, pointed out that public participation — fiber of our revolutionary transformations — should find continuance in the new methods of maintaining our liberating process, under the current conditions.

[Begin Lima recording] Then what was said is true, our [word indistinct] are necessary and the debate to clarify issues involving associations and its multilateral significance. There is an important transformation process under way in Cuba, its span and direction depend in great measure on the consolidation of criteria and guidelines that are established now. Without doubt, through profound, broad, and responsible thought we are contributing to the process. Today, before the thinkers of the social sciences, arises the possibility of calling upon the people's conscience for organization, coherence and systematism, as this [words indistinct] in these moments of transcendental importance. [end recording]

The commissions' work will continue that of the previous day and will conclude with a plenary session at the party's Nico Lopez Higher Institute.

Cuba: Politburo Members' Activities Through 14 Mar

PA1603172996

[FBIS Report] The following is a compilation of reports on the activities of Cuban Communist Party (PCC) Central Committee Politburo members monitored through 14 March.

In Matanzas, Politburo member Jose Ramon Machado Ventura has congratulated members of the Rene Praga Sugar Mill, of Colon, for setting a harvest record by cutting 193,468 arrobas of cane in one day. Machado Ventura has visited sugar fields accompanied by Yadira Garcia, also a politburo member and first secretary of the party in Matanzas. (Havana Radio Rebelde Network in Spanish 1800 GMT 5 Mar 96)

Raul Castro, second secretary of the PCC and minister of the Revolutionary Armed Forces, has sent a congratulatory message to the people of Cardenas for their work in 1995. Castro particularly praised the work of the oil workers from that region. (Havana Radio Rebelde Network in Spanish 1255 GMT 8 Mar 96)

Politburo member Jose Ramon Machado Ventura has acknowledged the work of the 46 best coffee pickers of the cooperative and peasant movement who were paid homage on occasion of International Women's Day. (Havana Cubavision Network in Spanish 0100 GMT 8 Mar 96)

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In Havana, Raul Castro has presided over the closing of a nationwide seminar on economic preparations for the defense of the country. Summarizing the seminar, Carlos Lage, secretary of the Executive Committee of the Council of Ministers of Cuba, spoke of the essential elements that serve to prepare the economy for the country's defense. (Havana Radio Havana Cuba in Spanish 0000 GMT 10 Mar 96)

In Havana Province, the Cuban Workers Federation has initiated a round of debates by analyzing sugarcane production in the province. Politburo member Pedro Ross has addressed participants. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 10 Mar 96)

On 8 March, Politburo member Pedro Ross participated in a ceremony at the Nico Lopez Refinery in honor of heroine Melba Hernandez who spoke of the importance of the refinery. (Havana Tele Rebelde and Cubavision networks in Spanish 0100 GMT 9 Mar 96)

Raul Castro has held a meeting to assess the entrepreneurial improvement of the FAR in 1995. He has said that the work done by military agriculture and business ventures had worked in a satisfactory manner and that they would concentrate in improving production this year. Regarding reports of accounting and costs problems, the official has said they will be corrected this year. (Havana Radio Rebelde Network in Spanish 1800 GMT 12 Mar 96)

Nelson Torres, politburo member and sugar industry minister, has visited the Matanzas sugar mills. Heavy rains have negatively affected the milling process. He has praised the work done and has called workers to mill all the harvested sugarcane so the province and the country can meet the projected sugar production this year. Yadira Garcia, politburo member and first secretary of the PCC in Matanzas, accompanied the minister on his tour. (Havana Radio Rebelde Network in Spanish 1800 GMT 12 Mar 96)

A 13 March, Havana-datelined report states that thousands of students have attended an event to honor students who died in the struggle against the toppled Batista dictatorship and to condemn the U.S. approval of the Helms-Burton law. The event was attended by Cuban parliament President Ricardo Alarcon, Foreign Minister Roberto Robaina, and the first secretary of the PCC in Havana, Esteban Lazo. (Havana PRENSA LATINA in Spanish 2132 GMT 13 Mar 96)

Politburo member Yadira Garcia and other high-ranking government officials have attended a student commemoration to honor the students who died during the struggle against the Batista dictatorship in Havana. (Havana Tele Rebelde and Cubavision Networks in Spanish 14 Mar 96)

Cuba: Roundup of Sugarcane Developments Through 17 Mar

PA1803043896

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 17 March 1996.

In Las Tunas Province, engineer Adalberto Torruella, head of the provincial test section of the Sugar Industry Ministry, reported that operations in three northern mills were halted due to heavy rains, adding that four southern mills were operating at that moment. (Havana Radio Rebelde Network in Spanish 1255 GMT 11 Mar 96)

Because of heavy rains in Camaguey Province, operations in 10 sugar mills were halted. The new sugarcane strategy included the transfer of men, resources, and equipment to other sugar mills to continue grinding operations. Carlos Diaz Barranco, first provincial party secretary, stated this measure was to be taken immediately, adding that inactive workers would do maintenance. (Havana Radio Rebelde Network in Spanish 1800 GMT 11 Mar 96)

Only two out of 16 sugar mills in Havana were operating on 11 March after sugarcane cutting was halted due to heavy rains. In addition, the other 14 sugar mills were to resume operations within 24 hours. (Havana Radio Rebelde Network in Spanish 1800 GMT 11 Mar 96)

In Granma Province, operations in eight out of 11 sugar mills were halted because of lack of sugarcane. First provincial party secretary said rains in this province have not been heavy. All sugarcane activities were to resume within 24 hours. (Havana Radio Rebelde Network in Spanish 1800 GMT 11 Mar 96)

Some 20,000 tons of sugar were not produced in Villa Clara Province as a result of eight days of heavy rain. Only two sugar mills were operating while operations in 23 sugar mills were halted. Ten sugar mills were to resume operations overnight. Sugar mills that were not operating were to perform maintenance on machinery. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 12 Mar 96)

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Haiti

Haiti: Preval Favors Privatization of State-Owned Firms

PA1903015896 Port-au-Prince Signal FM Radio in Creole 1230 GMT 18 Mar 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] Before leaving for the United States tomorrow, the Haitian head of state, President Rene Garcia Preval went on tour in the south of the country. Preval, who talked to several thousand peasants in the southern part of the country, restated the question of privatization of the state-owned enterprises which, he says, is necessary for the development of the national production.

President Rene Preval announced that the privatization of Haitian state-owned enterprises such as Electricity of Haiti [EDH], Teleco, Haiti Cement, and the Haiti Flour Mill is essential. While talking before several thousand people in Cavaillon as part of a tour he was making in the south of the country during the weekend, Preval said that enterprises such as EDH, Teleco, Cement of Haiti, and the Haiti Flour Mill must be privatized so the government can find money to boost agriculture in the country.

[Begin Preval recording, in progress] ...things we have in our hands such as the Haiti Flour Mill, Cement of Haiti, EDH, Teleco... [pauses] Listen, we have to check to see what they can bring in for us. For the time being, Cement of Haiti is closed; the Haiti Flour is closed. It takes Teleco one month to come and solve a telephone problem in your home. You can be asking for telephone for one year and they cannot give it to you. Will we remain in this situation? [crowd answers: "No!"]. We cannot remain in such a situation and we cannot let inhabitants of Haiti remain in such a situation. [applause] We must take our courage in both hands, we must take our courage in both hands. When one has a business, when one has something th[illegible]elongs to oneself, one can give some of it so one can [illegible] another problem. [applause] [a voice in crowd says: [illegible]rivatize them"] What do you say? [crowd answers: "privatize them"] I am looking, I am looking courageously and I will find [what I am looking for]. Once you stand behind me, I will find. [end recording]

These were statements by Haitian President Rene Preval while on tour in the south of the country since Friday [15 March] at the head of a delegation that included Haitian Prime Minister Rosny Smarth, and Economy and Finance Minister Fred Joseph. They visited the irrigation system of Camp-Perrin, Canal Abzac, and the Seau Mathurine Electric Power Station. Preval, who was leading the delegation, also visited the plain of Les Cayes and the former tomato paste factory in Cavaillon and went to Torbeck, Saint-Louis du Sud where they met with the population. Rene Preval's visit to the south of the country took place one day after his 48-hour visit to Santo Domingo.

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Mexico: Bankers' Leader Views Fiscal Support to Sector

PA1603161396 Mexico City EL FINANCIERO in Spanish 11 Mar 96 pp 4, 5

[Interview with Jose Madariaga Lomelin, president of the Mexican Association of Bankers, by Alicia Salgado; place, date not given — first six paragraphs are introduction]

[FBIS Translated Text] Mexican Association of Bankers [ABM] President Jose Madariaga Lomelin has resumed a leadership none of his colleagues have wanted to take due to the profound economic crisis and, particularly, in view of the consequences resulting from the domestic debt of the private sector in Mexico. According to Madariaga, the injection of $6 billion in capital into 12 private banks in 1995 and the fiscal support given to the banking sector are "insufficient" to resolve the crisis.

Between December 1994 and December 1995, overdue loans, the main weakness of Mexican banks, rose from 7.3 to 18.3 percent. Overdue loans and the lowering of bank share prices in March were considered an "opportunity" to make the system of payments transnational.

According to INEGI [National Institute of Statistics, Geography, and Information Science], the amount of money raised by commercial banks in 1995 dropped 19 percent in real terms while financial activities, including real estate insurance, barely represented 12 percent of the GNP.

Bank financing for the private sector (the other side of the coin) registered a real reduction of 27 percent last year, which is less than what the mere capitalization of interest would have yielded.

Multiservice banking faces not only the problem of making the transition toward the application of U.S. GAAP [generally accepted accounting principles] but also has to resolve the bottleneck the "debt/renegotiation/financing" cycle has created. This cycle has virtually paralyzed many productive units that could allow a "noninflationary" economic recovery because of its impact on employment and consumption.

The ABM president has replied to EL FINANCIERO regarding these matters:

[Salgado] The banking convention will take place at a time when interest rates are high and above estimates, although the average of which is below last year's close. As a banking leader, you insist on the need to lower interest rates, but this market as of today does not seem to be moving.

[Madariaga] "We should be very watchful in this regard. Inflation will be high during the first four months of this year, slightly pressuring a decline in interest rates. It is believed, at least in the financial sector, that the head of the executive branch, the Finance and Public Credit Secretariat, and the Bank of Mexico will honor their commitment to continue curbing inflation through the appropriate fiscal and monetary policy.

"The year 1996 will have fewer scarcity of resources than in 1995, but this will still be insufficient."

[Salgado] When will the revision of Fobaproa's [Savings Protection Banking Fund] objectives take place? When will this aid program end?

[Madariaga] "Every country has formulas to protect, oversee, and support the financial sector. This service complies with a social objective the government entrusts to certain enterprises, but in no country should savings depositors be put at risk of completely losing their money.

"In Mexico, we have become experts in transforming virtuous circles into vicious ones as everything else. I believe Fobaproa should continue operating like other systems in Spain, Chile, the United States, and other countries. We recommend that Fobaproa should not cover some of those market participants who, by themselves, should exercise care to ensure the professionalism and security of the institution in which they make deposits.

"Nevertheless, now is not the appropriate time to implement this restrictive recommendation, because it could be misinterpreted by the market and would create insecurity among savings depositors."

[Salgado] What are authorities and bankers doing to disentangle the vicious circle of the financial surplus and the social inability to pay?

[Madariaga] It is indispensable that we solve this problem. A banking sector that has such a high rate of overdue payments in a tight economic context such as ours has to be brutally careful with credits. Thus, we are not just facing a problem of how many clients requesting loans meet the requirements to ensure that the loans and their interests will be paid in a timely manner but also how many of those clients who need to restructure their loans are able to ensure that this transaction will be made.

[Salgado] Who is going to evaluate the feasibility of firms and projects?

[Madariaga] There are banks in the sector that are able to assess and evaluate a project. The problem is the

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surrounding conditions, not the companies themselves. The macroeconomic variables are the ones that make it very difficult to determine the feasibility of a project and the period required to implement it.

[Salgado] Who is to blame for the lack of confidence in the economic program?

[Madariaga] The crisis has surprised Mexicans in all levels of society. It has negatively affected us and has made us poorer just as the government had been given more material assets and more confidence. Confidence is quickly lost and takes a long time to be recovered. It is only recovered when programs are solid, events are consistent, and, especially, when there are results.

[Salgado] Is the Bank of Mexico trustworthy? It has been given the task of being monetary regulator and also has an anti-inflationary commitment. Don't they clash?

[Madariaga] We believe the Bank of Mexico is a serious and trustworthy institution that, of course, is also experiencing the effects of a lack of confidence. Furthermore, during times of extreme volatility as the ones endured in the past months, a central institution must take an extremely conservative position even if it does not make it very popular.

[Salgado] Is there presidential, economic, and financial leadership in Mexico?

[Madariaga] I believe the crisis has marred all the leaders, both government representatives as well as mid-level representatives in public and private organizations. All of us who have occupied a representative position in the recent past have noticed that our leadership has been negatively affected.

We have to be very firm and consistent in furthering the view that we will get the country out of the quagmire in the long term. We cannot promote sporadic and spectacular decisions that will produce quick improvements but that will worsen the crisis.

[Salgado] What in your opinion are the immediate challenges of the financial system?

[Madariaga] To consolidate and obtain results that are not annulled by increasing the reserves for overdue loans. This is the risk and the challenge, and where the accounting transition to the U.S. GAAP, which views things differently and compares us in a different manner, is not the most costly factor. We cannot revert overdue loans in one accounting system or the other if there is no recovery.

[Salgado] The CNBV [National Banking and Securities Commission] itself estimates that the transition to the U.S. GAAP will require that the banking sector establish reserves to accept the associated overdue loans and that they will increase 70 percent.

[Madariaga] "The capitalization indexes of 12 to 15 percent, on average, being estimated by the Mexican banks for 1996 as well as the level of reserves for overdue debts above 50 percent provide enough margin to cover this transition without the need to create more reserves. Perhaps 45 percent is enough, once Mexico enters the U.S. GAAP, and it was required for this purpose to reach more than 70 percent, depending on the results. I believe that even this level of demand will make it easier for the authorities, once the aggregate loans and all the effects of the standardization are established, to hold negotiations to move from 45 to 60 percent of reserves in a two-year period but, rather, with already clear-cut and well-known reserves."

[Salgado] Regarding reserves and considering foreign models applied in banking crises similar to Mexico's, why didn't the government authorize tax incentives for the creation of reserves, such as making them entirely deductible for a certain period?

[Madariaga] "Our tax system operated in other instances, not this one. We can deduce 2.5 percent of the loans against other taxes. This rate was enough in general terms, but it was not enough this year, and we will have to use a carry over from the deferred tax. We have spoken to the tax officials who have authorized us to defer but not to modify the law.

"These are formulas we must review. We are not facing the first crisis of a banking and financial system ever to happen, nor are we the only ones who have walked down this path. We have taken advantage of the experience, and, perhaps, the opportunity and swiftness with which we have reacted will allow us to reduce the costs for the entire society.

"We cannot view ourselves nor can we let others view Mexico and the Mexican financial system as the inventors of the crisis. In this same period, crises perhaps less serious than the Mexican crisis, in financial terms, but with more serious repercussions in the financial system (Japan) or extremely serious crises that have virtually led to the collapse of the financial system (Venezuela) have taken place.

"In 12 months, we averted the systemic risk."

[Salgado] Isn't now the time for the authorities and bankers to set limits on the fiscal support given to banks whose shareholders have not demonstrated enough commitment and liquid assets to back their investment and administrative responsibility? Why is there so much fear

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that the bankruptcy of an unsound bank will scare depositors away if the systemic risk is gone? Isn't falsely encouraging businessmen inequitable?

[Madariaga] Yes, but there are all sorts of things in all groups. Mexican bankers are not only Cabal and Rodriguez; they also include serious men like us who have faced the situation.

"Twelve banks remain in private hands, while the others are in the hands of the Fobaproa [Savings Protection Banking Fund]. The investment made to increase the capitals of these banks is almost as large as the amount paid to bail out the banking system. This has not been done in any other industry or sector. It represents a capital increase of $6 billion, which cannot be made by a handful of bankers.

"None of these bankers have enough money to capitalize a bank. We must be aware that the institution being administered is above any individual property, and because of this point, it is necessary to convince more people to become partners, to invest capital in a business with substantial potential. We need a change of mentality."

[Salgado] Regarding the political changes, what is the political risk perceived, the position assumed by the Presidency of the republic on these changes designed to democratize the political arena?

[Madariaga] "In Mexico, we are exploring new grounds, when we heard about political changes, we were reading this but understood the opposite. Now, when we see that there are moves toward a political change, we must get used to the fact that the transition from where we were toward a democratic system generates problems by those who oppose the advocates of change. We must be consistent with the demands of society. The change will generate discussions, clashes but also alliances.

"In the banking sector, we do not believe economic models should change with the rotation in power of the various political parties. What changes is the way of handling it, allocating resources or generating them to pursue the objectives. We do not see in Mexico's future a country with a free market and a political system of total authoritarianism.

"There is an economic proposal, and the political parties should present their option. One should not be naive when faced with a change, amid the political tension we are experiencing. The president is the leader. We demand, however, that an omnipresent and authoritarian presidential figure no be longer the norm, but we miss being ordered around. President Ernesto Zedillo has been consistent in his position. The parties should respond by answering from within to the challenges Mexico's society and the circumstances demand."

Mexico: CTM Issues Warning Conditioning Support For NAFTA

PA1503152996 Mexico City EL FINANCIERO in Spanish 12 Mar 96 p 22

[Report by Arturo Gomez Salgado]

[FBIS Translated Text] The workers sector has warned that if tangible results are not observed in economic activities and wage and job recovery, it will demand a revision of the points and agreements in NAFTA, which seems to have benefited only those with large amounts of capital and to have failed to yield positive results for most Mexicans.

Porfirio Camarena Castro, CTM [Confederation of Mexican Workers] economic affairs under secretary, said that the workers organizations supported NAFTA as a Mexican economic policy instrument designed to integrate productive units, increase wages, and boost investment, but that there have been no tangible results so far. On the contrary, there is a severe weakening of manufacturing units and an unprecedented drop in workers' purchasing power.

If necessary, Camarena went on, we will demand a new revision of this trade agreement, which, two years after it came into effect, has been unable to "boost" the production sector, thus having negative effects on employment and the economic viability of many firms that have been unable to join the productive system.

He stressed that workers' sectors are already thoroughly analyzing NAFTA and that they will soon issue their diagnosis, determining whether current strategic economic planning is viable or not.

Interviewed at CTM headquarters, the Guerrero State senator explained that workers are concerned, because they believe NAFTA has failed to meet the expectations of improving their standards of living by creating jobs and strengthening wages. This is why, he pointed out, we decided to embark on a thorough analysis of the terms and scope of the trade agreement regarding the country's economic reality.

He added that, unfortunately, one year after NAFTA was signed, the country's economic situation had changed drastically and encouraging results had not been obtained because of both the peso devaluation and the huge foreign debt. The economic events that have taken place in the last 13 months distorted the scope of NAFTA to the extent that, so far, there is no tangible definition stating that the growth in exports is due to

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this trade agreement or to the monetary and exchange policies that have made our exports cheaper.

This is why, the CTM official insisted, this trade agreement must be objectively revised so that Mexico will obtain tangible benefits both in investments and the creation of well-paid jobs.

Camarena affirmed that the benefits of NAFTA must be seen throughout this year, once the economy is stabilized and the productive system is integrated. He explained that if progress is not made, then the workers sector will stop supporting NAFTA, "because this commercial integration does not make sense if it only benefits the owners of large amounts of capital."

In addition, he said that we must not allow our competitiveness to be based on cheap labor or on the sale of raw materials or products without aggregate value. NAFTA must bring tangible benefits for the country and its people; otherwise, a thorough revision will be necessary.

The man who is also leader of the Guerrero State Workers Federation admitted that a full economic recovery will not be achieved this year, but that we will indeed lay the foundations for healthy and objective growth.

We want the facts to start speaking for themselves, so that the government will fully exercise its spending budget, and so that businessmen, instead of speculating, will boost investment for the urgent creation of jobs. The workers sector has done a great deal, and it can no longer make more sacrifices. Camarena concluded that we need reciprocity and that the government must start placing social matters above merely economic matters.

Mexico: Official Cited on Cost of Support to Bank Sectors

PA1603165496 Mexico City LA JORNADA in Spanish 14 Mar 96 p 47

[FBIS Translated Text] Finance and Public Credit Secretary Guillermo Ortiz Martinez said yesterday the direct support to Mexican bank debtors has cost the treasury more than 35 billion pesos. He said the support came in the form of refinancing programs in investment units (UDI's), the Agreement for Immediate Support to Bank Debtors (ADE), and portfolio purchase aid. He added that the support for portfolio purchases was aimed at offering banks incentives to expand their capital and reserves bases.

Ortiz said banks will be able to offer their clients better refinancing deals as they become better capitalized and their reserves situation improves.

Ortiz said the main purpose of the support is to help resolve the debt situation of companies and families. The official said the government's reason for supporting the banks is, basically, to protect the savings of the Mexican people, given that the money loaned out by the banks comes from people's savings deposits.

The government's obligation, Ortiz said, is to guarantee the integrity of the Mexican financial system so the citizens who deposit their money in the banks feel safe, because the banks will make their funds available upon request.

Ortiz said the bank problems are linked to the country's economic crisis and the excessively high interest rates. "It has, in general, become impossible to pay," he said.

Regarding the selling of Banca Cremi, Ortiz said a decision on the purchase agreement is expected within the next two months. The official added that the key to overcoming the crisis lies in raising levels of employment, given that wage increases will take longer.

"We must be aware that a recovery will not be speedy. It will take time, but we will experience a recovery that will allow us to focus on a much better scenario for Mexican families in the medium term," Ortiz said.

Ortiz confirmed what he said a few days ago that he expects the Mexican economy to experience a 3 percent contraction during the first quarter as opposed to the growth registered during the first quarter of 1995.

Mexico: Members of Peasants Organization Occupy Embassies

PA1603182296 Mexico City LA JORNADA in Spanish 14 Mar 96 p 5

[Report by Jesus Aranda and Maribel Gutierrez]

[FBIS Translated Text] Members of the Sierra del Sur Peasants Organization [Organizacion Campesina de la Sierra del Sur] (OCSS) and relatives of the peasants murdered in Aguas Blancas have occupied the embassies of Germany, Italy, and Norway, as well as their respective consulates in Acapulco, Guerrero, to ask the diplomatic representations to mediate and to arrange a meeting between them and Government Minister Emilio Chuayffet.

Their goal is to demand a commitment from the federal government to ensure that former Governor Ruben Figueroa Alcocer be punished for masterminding the massacre of 17 peasants, OCSS leader Rocio Mesino Mesino has said.

During their peaceful occupation of the embassies, the peasants delivered a copy of the video recording of the Aguas Blancas incident that Televisa has shown recently.

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In addition to requesting that the ambassadors mediate for an interview with Chuayffet, after nine months of unsuccessful attempts, they have asked for UN Secretary General Butrus Butrus-Gali's mediation "so crimes such as the one in Aguas Blancas will not be left unpunished." Furthermore, they have asked for the removal of the Army from the Guerrero Sierra police/military checkpoints as well as a trial of and punishment for the authors of the massacre.

Diplomats from the aforementioned countries have said in Mexico City that they could only mediate for a meeting with Chuayffet but that the presence of the peasants in the embassies was useless; therefore, they left the facilities.

Groups from various Costa Grande and Costa Chica organizations affiliated with the OCSS began arriving in the central plaza of Acapulco since yesterday. They have been staging since this morning a permanent sit-down strike to pressure for the opening of an investigation into the Aguas Blancas incident and punishment of all officials involved who were exempted by Public Prosecutor Alejandro Varela Vidales, as well as for the relatives to receive their corresponding indemnification.

It was confirmed today that former Governor Ruben Figueroa has traveled to Houston, where he will spend his vacation.

The OCSS from Coyuca de Benitez Sierra, Atoyac, and Petatlan, and members of the Party of the Democratic Revolution 6 March Movement from Tlacoachistlhuaca, Cruz Grande, and San Marcos municipalities stood at the kiosk calling for justice.

These organizations also demanded the removal of the Army from the sierra, coasts, and La Montana de Guerrero, as well as the elimination of state police groups so the communities will be in charge of public security.

Mesino said the document delivered to the diplomatic representations demands punishment for Figueroa and his main collaborators, former Government Secretary General Ruben Robles Catalan, former Prosecutor Antonio Alcocer, former Judicial Police Director Gustavo Olea and former Public Prosecutor Alejandro Varela Vidales, who has exempted all others.

Mexico: PRI Paramilitary Force Destroys Church in Chiapas

PA1703020596 Mexico City LA JORNADA in Spanish 14 Mar 96 p 14

[Report by Juan Balboa]

[FBIS Translated Text] Tuxtla Gutierrez, Chiapas, 13 Mar — Peace and Justice, a paramilitary group composed of Institutional Revolutionary Party [PRI] militants, has destroyed the Our Lord of Tila Catholic temple in the community of Tzaquil, in the San Cristobal de las Casas diocese, and is oppressing more than seven communities of Catholic Indians, the Tila Parish priest, Heriberto Cruz Vera, denounced today.

Samuel Ruiz Garcia, bishop of San Cristobal de las Casas and president of the National Mediation Commission [Conai], in a document addressed to the government of Julio Cesar Ruiz Ferro, confirmed the report on the destruction of the temple The Lord of Tila, one of the most venerated saints of the people of Chiapas and Tabasco, which was registered at the Government Secretariat on 3 November 1993 and issued Certificate No. sgar23493.

Ruiz Garcia said that political differences should not be mixed with religion and asked the authorities to help prevent this confusion. He said: "We cannot remain silent in the face of the destruction of Catholic places for worship and celebrations, and we cannot accept verbal and physical aggressions on members of the Catholic Church."

Priest Cruz Vera said that at least seven communities of Chole Indians are being constantly harassed and troubled by Peace and Justice. Some of these communities are Tzaquil, Usipa, Nuevo Limar, and Masoja Grande.

The priest said that in the past six months, the Indians, considered subversive by the paramilitary group, have endured the destruction of their homes, farm land, and coffee farms. Cruz Vera said that there is much interest in dividing or expelling people who are not militants of the official party. He also stated that "the state government has not fulfilled promises that it made to people of this community who were once evicted from their lands and now want to return to them."

Ruiz Garcia expressed to the state government his sincere concern about what is happening in Tzaquil. He explained that eight months have gone by since the conflict began and so far there has been no peaceful solution in favor of the Indians.

He said: "The people who were evicted from Tzaquil have appealed to the municipal authorities, to the past ones and to the current municipal president of Tila,

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Carlos Lopez Martinez, requesting his intercession to return to their homes, but have not received responses to their demands."

Ruiz noted that Peace and Justice is headed by Sabelino Torres Martinez and Cristobal Gomez Torres, who is a Pentecostal Church member.

Ruiz said: "We do not want to see the mixing of political differences and religious freedoms" and demanded conditions suitable for the return of the families that fled Tzaquil, the reconstruction of the destroyed Catholic temple, and an end to the verbal and physical threats against Tila community Catholics.

Approximately 800 peasants from the Chiapas municipalities of Salto de Agua, Tila, and Sabanilla make up the PRI Rural Defense groups. These groups operate in northern Chiapas with the nod of municipal and other local authorities and of the state's Public Security Police, the peasants, human rights organizaions, and political parties have reported.

Mexico: Finance Secretary Discusses Banking Issues

PA1703163096 Mexico City XEW Television Network in Spanish 0400 GMT 14 Mar 96

[Interview with Finance and Public Credit Secretary Guillermo Ortiz by Jacobo Zabludovsky in Mexico City; from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Good evening, Mr. Ortiz.

[Ortiz] Good evening.

[Zabludovsky] Another banking convention will be inaugurated in Cancun in two days, and bankers will quite probably want further financing from the government. What will be the Mexican Government's attitude toward this position?

[Ortiz] The reason why the government has been supporting the banks is basically due to the following: First, to protect the savings of the Mexican people. As you know, the resources available to the banks—that is, resources used to grant loans—come from depositors, account holders, and it was necessary to support the financing system so it could fulfill its obligations to the depositors. We will have a serious problem due to a breach of contract if a bank has any problem collecting credits and if it stops paying deposits. That is the first reason.

The second reason is that banks fulfill a basic role in the economy. Banks provide services on the exchange of money, checks, transfers. In sum, they represent a country's payment system; thus, it is essential to maintain the integrity of the financial system, but it is important that we mention that this support is not given to the bankers, the banks, the institutions, or the shareholders.

Furthermore, when irregularities and mishandling of funds are detected, we act consistently by appointing administrators and, if the case applies, establishing responsibilities among those involved, right? Therefore, I repeat, the government's obligation is to guarantee the integrity of the Mexican financial system so all Mexicans who deposit our money in the banks can feel confident our deposits will be paid. At the same time, the government must guarantee the correct handling and management of the banking institutions.

[Zabludovsky] The banking system is supported. Why are the debtors not supported? Why do not you support those of us who have a debt with a bank?

[Ortiz] A sizable part of the support has gone directly to the debtors. For example, the refinancing programs in UDI's [investment units] and the ADE [Agreement for Immediate Support to Bank Debtors] have involved treasury funds allocated for a direct support to debtors; this support has cost more than 35 billion pesos. Likewise, the support given for the purchase of portfolios strives to encourage banks so they will increase their capital and reserves. They will be able to offer better renegotiations to their clients insofar as we have more banks with more capital and better reserves. Thus, debtors are also being supported in this concern. The ultimate purpose of the support is to help solve the problem stemming from the excess debt of enterprises and families.

[Zabludovsky] Every time we have one of those situations we call a banking crisis, we have to inject money into what is now called the banking system. How often will we have to do this? How can we prevent another crisis such as this?

[Ortiz] I hope we never again have to take this action. I believe the banking problems we are experiencing are a direct result of the economic crisis we have now. The increase in interest rates and the drop in company and family revenues have created a general impossibility to meet debt payments; this has made it necessary to conduct renegotiations and to carry out the programs we have been implementing.

Now, then, we will prevent these recurrent crises, hopefully forever, insofar as we have consistent economic policies, become stronger as a country, and strengthen the economy. Moreover, the expansion of credit granted in recent years has obviously been another factor, not to mention an insufficient banking supervision and regulation. I believe we have achieved progress in recent

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years and in recent months, given the experience acquired during this crisis and the banks' situation, so we can seek a much more consolidated banking system that eventually offers better services, properly managed, and helps achieve the country's economic development.

[Zabludovsky] Interest rates came down a bit in January, which was barely two or three months ago, but they have shot up again. To finance a car or a home, we must apply for a loan at a bank and pay almost 100 percent interest over 18 months. How can we afford to take out a bank loan?

[Ortiz] I think interest rates rose these past few weeks due, in part, to the volatility of foreign markets. In addition, inflation fears surfaced because of higher than expected January inflation; this made interest rates go up. I would like to add that as we clear up any uncertainty over the inflationary horizon, interest rates should start coming down significantly, because real and nominal rates are excessively high at this time.

I trust we should see a much lower inflationary profile in the future once we eliminate the uncertainty over April prices and wage increases, which could add further inflationary pressures. This will allow interest rates to come down, debtors will be relieved, and there will be the possibility of reactivating bank loan activities. I absolutely agree with you, however, that interest rates are too high, and it has become virtually impossible to take out a loan at these rates.

[Zabludovsky] The government has intervened in several banks, including major ones, because of their levels of debt. The government is also intervening in what are known as overdue portfolio purchases; in other words, the government is buying up part of what bank debtors are unable to pay. Where is that leading us?

[Ortiz] Well, the banks that have been intervened in are going to be sold once the legal procedures are explained, irregularities are detected, and banks can be controlled. This is the case with Banca Cremi; we hope to start receiving purchasing bids in the next two months. The sale process of Banca Cremi is already in progress. The other intervened-in banks are still in the process of clarifying legal matters. Now, the assets Fobaproa [Savings Protection Banking Fund] has purchased through the purchase of bank portfolios will be sold to the private sector.

Part of these revenues will be used to pay for the fiscal cost of subsidizing banks.

[Zabludovsky] Mr. Ortiz, regardless of what will be discussed on 15 and 16 March at the meeting bankers will hold in Cancun, the reality is that those who earn salaries are earning less, compared to the cost of one kg of anything, one kg of sugar, beans, corn, or tortillas. What is the immediate future that adversely affects so many millions of Mexicans?

[Ortiz] I believe that this is the key question. Last year we certainly experienced the worst recession this country has sustained in more than 60 years: The GDP fell by almost 7 percent, and the revenues of families and firms were also severely affected. I believe that, for the last few months, we are witnessing a slow recovery of economic activities; we have to acknowledge this. It is true that this recovery is still not noticed, because we are recovering from very low levels. I repeat: Last year's fall in economic activities was so huge, it does not matter how many rising macroeconomic indicators we see on a monthly basis, we still do not perceive a sound recovery process.

I believe that, starting in the second or third quarter, we will certainly see positive growth in economic activities, and we will start seeing a more [word indistinct] recovery. The February employment figures were good. According to social security figures, approximately 90,000 workers started paying social security fees in February. This means that we are gradually recovering employment levels and that this must eventually lead to a gradual recovery in revenue levels.

I believe that it is also advisable to clarify that this will not happen overnight and that we will not see spectacular growth in revenues and jobs. It will be a slow recovery. The important thing, however, is that this recovery be sound and continuous and that we will not make the same mistake twice.

[Zabludovsky] Mr. Finance Secretary, a national newspaper yesterday published that you had said that the GDP will fall by 3 percent. Is this correct?

[Ortiz] Well, what I said in this program was that we hope that, we expect that the GDP will indeed fall by approximately 3 percent in the first quarter of the year, as compared to the GDP of the first quarter of 1995. This is because last year's sharp falls took place starting in the second quarter. Then, even though we are seeing monthly production increases, if we compare it to the first quarter of 1995, we are still below this in the first quarter of 1996. However, during the second quarter, we will certainly have positive growth. We expect the whole economy to grow approximately 3 percent during the year.

[Zabludovsky] Mr. Secretary Ortiz, would you like to explain the difference between what economists call the macroeconomy, which refers to the aggregate figures of a country's progress, and the microeconomy, which are the figures that refer to one's home, neighborhood,

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district, and house, where a wage is split to make purchases, pay whatever needs to be paid to live, send the children to school, purchase medicines, and other things? When will we see a microeconomic recovery that will directly involve each Mexican?

[Ortiz] I believe that the essential thing is that we see that employment levels are beginning to increase. We saw this in February. This means that there will be more family revenues insofar as more family members can take an additional wage to their homes. The key is to recover employment levels. Obviously, the recovery of wage revenues will take more time; we have to be honest and say this.

In other words, last year's fall was so abrupt that it will take us some time to recover. However, I sincerely believe that further on during the year, especially starting in the second half of the year, in the second or third quarter, we will see a different situation. We will really see a situation that will start improving at the levels of households, housewives, workers, people, and families.

I would not say it will be too spectacular or quick an improvement, because this will not happen — we have to be aware of this. However, it is a recovery that will allow us to consolidate a better view of the future, of the mid-run for families and all Mexicans.

[Zabludovsky] Thank you very much, Mr. Ortiz.

[Ortiz] Thank you, Mr. Zabludovsky.

[Zabludovsky] Thank you.

[Ortiz] So long.

Mexico: More Commercial Ties With EU Urged

PA1503194696 Mexico City NOTIMEX in Spanish 0741 GMT 14 Mar 96

[FBIS Translated Text] Mexico City, 14 Mar (NOTIMEX) — Businessmen have said Mexico should broaden its commercial perspectives with other regions of the world, not only North America, in order to diversify its markets. They mentioned the EU as a good target.

The National Mexico City Chamber of Commerce yesterday noted, in a communique, the inconvenience of having North American countries as the only option, because the EU has become a more dynamic economic, commercial, political, and financial structure.

It remarked that during the last two years a little over 80 percent of the total foreign trade of Mexico has been with Canada and the United States, so it is a priority to diversify the markets.

The National Chamber of Commerce said this change is necessary because, in spite of the commercial opening in Mexico in the last decade and efforts to liberalize foreign trade, the country still lacks an effective diversification of products and markets.

It recalled that Mexican businessmen and officials recently traveled to Spain, Italy, the UK, and Switzerland to promote a commercial accord with the EU, allowing a significant number of Mexican products to enter the EU.

It explained that the products Mexico currently imports and exports are those that have been traded since 1980, which shows the little diversity of products and markets achieved in more than 10 years.

The National Mexico City Chamber of Commerce explained, however, that the diversification and concerted accords with new markets will permit Mexico to access new and better trade currents, promoting — in the long term — more balanced trade, less dependent of a few economies.

It added that, to achieve this goal, the Mexican private sector must actively participate in the current foreign trade to be able to become net exporters, like Japan and Germany.

The Chambers of Commerce and Industry of the country must advocate the swift deregulation of business operations and foreign trade, the expansion of credits for exports, and the consolidation of small and medium-sized companies, the National Chamber of Commerce concluded.

Mexico: Norwegian Embassy in Hands of Guerrero Peasants

PA1603222196 Mexico City Radio Red Network in Spanish 0000 GMT 16 Mar 96

[From "The Night Monitor" newscast]

[FBIS Translated Text] Here is Norma Vargas with a report on actions by peasant organizations from the Southern Mountain Range in Guerrero State. These peasant organizations have seized several consulates of European countries, mainly in Acapulco.

[Vargas] Today, for a third consecutive day, approximately 30 members of the Union of Organizations of Guerrero State's Southern Mountain Range continue posted outside while three remain inside the Norwegian Embassy, located on Virreyes Boulevard, No. 1360, Lomas de Chapultepec. The peasants have asked this diplomatic mission to intercede on their behalf with government secretary Emilio Chuayffet to clarify the circumstances surrounding the murder of 17 peasants

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from Aguas Blancas. Since the Norwegian ambassador to Mexico is not in the country, Miss (Shirsty Hudman), first Royal secretary, told "The Night Monitor" that she is keeping constant contacts with Mexican officials regarding the alleged hunger strike staged by three peasants inside this mission's facilities.

[Begin recording] [Vargas] Have these people been given any food?

[(Hudman)] Yes, I have. And I have given them drinks. They are also free to go out and come back if they wish. However, they have chosen to stay here.

[Vargas] Are the doors locked?

[(Hudman)] I have the keys and so do other persons inside the embassy. Whenever the organization's representatives want to go out, they only have to tell the receptionist, and we open the door immediately. [end recording]

[Vargas] At the mission's headquarters, Pedro Navas Rodriguez — a member of the Union of Organizations of Guerrero State's Southern Mountain Range — warned that they will not leave the facilities of the Norwegian mission until the Mexican authorities speed up the investigations into the massacre perpetrated in Coyuca de Benitez. Navas added that they plan to spend the night at the mission for a third consecutive day. Following the seizure of various embassies and consulates in Mexico — as you mentioned — this week, the Norwegian Embassy is the only one currently being held by the peasants. This diplomatic mission has indicated that it will not take any action to remove the Guerrero peasants.

Mexico: Bankers Discuss Economic Recovery, Growth

PA1703153296 Mexico City Radio Red Network in Spanish 0000 GMT 16 Mar 96

[From the "Night Monitor" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz and Bank of Mexico President Miguel Mancera Aguayo agreed that economic recovery would be delayed only if the current economic policy and inflation controls are relaxed.

In the framework of the 59th Banking Convention, the officials pointed out that those who think the country can grow despite a high inflation rate are wrong.

In addition, Jose Madariaga, president of the Association of Mexican Bankers, warned that the recovery cannot be delayed any further became time is running short in view of Mexican society's justified irritation and frustration.

Mexico: Official Says Economic Growth Main Challenge

PA1803184096 Mexico City NOTIMEX in Spanish 2316 GMT 16 Mar 96

[FBIS Translated Text] Cancun, 16 Mar (NOTIMEX) — Finance Secretary Guillermo Ortiz today said that Mexico's main challenge in 1996 will be to resume its economic growth, while consolidating the cleanup of the banking system and alleviating the debtors' situation.

As he closed the works of the 59th Bankers Convention, he pointed out that authorities are also trying to resolve the serious problem debtors have with their overdue loans, which exceed $18 billion.

Mexican bankers held their traditional annual meeting in this tourist resort in southeastern Mexico. President Ernesto Zedillo participated by opening the meeting on 15 March.

Ortiz acknowledged that even though there already are positive indicators, they still are not strong and vigorous enough. This is why the drop in industrial and production activities has not hit bottom yet. He explained that the indebtedness of companies and consumers, the solution of which is not easy, have prevented more positive signs; however, "we are on our way to recovery thanks to the efforts the government, bankers, and society are making."

"What we have to do is to seek more ingenious formulas that will facilitate and expedite this process," he added.

It is a fact that Mexico has already overcome the most difficult times of the crisis; however, the gradual signs of recovery are not strong yet, Ortiz told the bankers who started their meeting on 15 March.

The Mexican Government's economic program is "the only viable solution" to make the entire country recover its vigorous and sustained growth. This is why it will firmly maintain such measures as the iron-clad control over public spending and other macroeconomic mechanisms, he affirmed.

Meanwhile, Finance Under Secretary Jose Sidaoui said that bankers concluded that there will not be solid growth without a modern financial system, that financial markets are experiencing a qualitative change, and that savings constitute the foundation of a sustained growth.

He pointed out that the conclusions reached following two working days of meetings will be used as a framework for the financial strategies that President Zedillo will devise. Sidaoui admitted that Zedillo's administration acted decisively to confront, in the short run, the problems financial intermediaries, particularly

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banks, have in order to make them support a growth recovery.

In the mid term, the under secretary added, these strategies are also intended to promote the domestic savings that will make this growth sustainable.

In the meantime, Jose Madariaga, who was reelected as president of the Association of Mexican Bankers [AMB], during his closing speech, remarked that 1995 was a year of "many serious and critical problems" and that this year "will be an even more difficult one" for the banks that have serious problems with their expired portfolios.

"We are aware that we are far away from where we want to be; however, failing to recognize the progress we have made from the worst part of the crisis up to today is unfair," Madariaga stressed. One of the lessons we learned from the crisis, he went on, "is not to be overconfident again, as we used to be; however, not being fatalists, as we try to be sometimes, also constitutes a lesson."

The AMB president maintained that the time is again near to see banks with capabilities, a country with opportunities, strength, vigor, and a major need for economic growth.

At a news conference held after the closing of the meeting, he reported that bankers continue to consider formulas that will alleviate the burden that bank debtors have and erase the risks for depositors' money.

More than 1,000 people involved in the banking sector attended the forum, and Lawrence Summers, U.S. treasury assistant secretary, and Eduardo Fernandez, National Banking and Securities Commission president, were panelists.

Approximately 20 members of the Civic Bank Debtors Assembly [Asamblea Ciudadana de Deudores de la Banca] and 30 members of El Barzon National Union of Agricultural Producers, Merchants, Industrialists, and Lenders of Services were also present, carrying out various activities.

During the course of the Bankers Convention, debtors carried banners stating the need to find a solution to their liquidity problem, which the crisis and high interest rates triggered.

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El Salvador

El Salvador: President Issues Emergency Plan Against Crime

PA1803185296 San Salvador LA PRENSA GRAFICA in Spanish 14 Mar 96 p 2A

[Article by Claudia Rivera and Alfredo Hernandez]

[FBIS Translated Text] Yesterday, the Salvadoran Government held an emergency meeting, at which many cries of "mea culpa," as well as screams for help were heard, mainly from the Usulutan representative. The government issued its "state policy" against crime at this historical meeting.

Yesterday, after a three-hour meeting, President Armando Calderon Sol and high-ranking government officials issued a package of emergency measures to fight crime, which has spread throughout the country.

Calderon Sol called the meeting "a historical morning, from which clear and practical solutions against crime have been developed." He announced the creation of two sets of laws —an emergency law to stop crime, and another to promote civilian defense— which will eliminate the present Danger Law [Ley de Peligrosidad].

"We want to have a legal basis in order to make justice more effective and guarantee peace in Salvadoran families," said Calderon Sol during the presentation of the plan.

The new state policy also contemplates a rehabilitation plan, together with the creation of new penitentiaries, which at present are overcrowded with convicts. There are also plans to speed up legal proceedings.

Calderon Sol noted that the National Civilian Police (PNC) will increase activities, such as search operations, daytime and nighttime, urban and rural patrolling, as well as operations against organized crime.

The emergency plan will require the participation of citizens to denounce criminal acts and testify against perpetrators and, therefore, authorities will promote a witness protection program.

On Friday, the Supreme Court (CSJ) will present the draft of bills before the Legislative Assembly. Legislative Assembly President Gloria Salguero Gross noted that deputies from all political factions are willing to hold an extraordinary session in order to speed up its approval.

CSJ President Jose Domingo Mendez said that once the bill is approved, he will notify all judges and judiciary branch officials, so that the law will be implemented as soon as possible and to its exact wording.

"I will summon all judges to make them aware that it is not only their job and moral duty, but that it is their commitment to the country and their obligation as citizens," Mendez said.

Human Rights Ombudsman Victoria Marina de Aviles, who also attended the meeting, agreed with the draft of both bills.

"The meeting was transcendental," said de Aviles, who added that the government's emergency plan was drafted in keeping with the Constitution and country's laws. "I hope these measures will bring peace to the citizens," she added.

The Strike Yields Results

Calderon Sol did not acknowledge that the meeting was prompted by protests aired by Usulutan businessmen, who will stage a strike today to demand better security in the city.

"It is not just a problem in Usulutan. It is everywhere in El Salvador. Crime is affecting the whole country. The problem is national, so that is the reason why the meeting is necessary," said Calderon Sol, who was questioned by reporters on the reasons for delays in taking action.

Nevertheless, PNC Director Rodrigo Avila stressed that the strike in Usulutan yielded some kind of results, as it "accelerated somehow" the actions and "was an eye opener for those officials and citizens who believed the problem exclusively concerned the police, and not all Salvadorans."

The following officials attended the meeting: President Armando Calderon Sol, Legislative Assembly President Gloria Salguero Gross, CSJ President Jose Domingo Mendez, Private Secretary for the Presidency Benjamin Cestoni, Interior Minister Mario Acosta Oertel, Public Security Minister Hugo Barrera, Deputy Security Minister Alberto Carranza, Justice Minister Ruben Mejia Pena, Deputy Justice Minister Raul Somoza Alfaro, PNC Director Rodrigo Avila, PNC Deputy Director Rolando Garcia, Prosecutor General Romeo Melara Granillo, Human Rights Ombudsman Victoria Marina de Aviles, members of the National Security Council; David Escobar Galindo, Luis Cardenal, Salvador Samayoa, Mario Velasco, Walter Araujo, secretary of the Legislative Assembly Board of Directors, and National Judiciary Council President Eduardo Tenorio.

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Guatemala

Guatemala: Minister on Opposition to Helms-Burton Law

PA1903013596 Guatemala City PRENSA LIBRE in Spanish 15 Mar 96 p 26

[FBIS Translated Text] The Guatemalan Government rejected the toughening of the U.S. embargo against Cuba, through approval of the Helms-Burton law that decreases the standard of living of a sovereign country, Guatemalan Foreign Relations Minister Eduardo Stein has said. We respect the internal decisions of the U.S. legislature but disagree with an embargo that affects a people in particular, Stein told the media.

Guatemala thus joined others who have expressed opposition to the U.S. law that President Bill Clinton signed on 12 March.

According to Stein, besides undermining the standard of living of Cubans, the Helms-Burton law hurts commerce with third countries that seek a rapprochement with the Cuban market. This applies to Canada and the EU, among others, whose commercial relations will be affected, the minister added.

Guatemala has maintained no diplomatic relations with Cuba since 1959, but in November Cuban Foreign Minister Roberto Robaina met privately with President Ramiro de Leon Carpio at an international event in the country.

In February a delegation of Guatemalan businessmen visited Cuba to explore commercial possibilities.

Stein noted that the relations established by the businessmen will continue their normal course, and he ruled out that Guatemala will in the short run seek a resumption of diplomatic relations.

We have not considered that but are open to this possibility in the medium term along with representatives of other countries, the foreign minister pointed out.

Meanwhile, the Central American Parliament, Parlacen, also voiced vigorous opposition to the approval of the Cuban Liberty and Democratic Solidarity Act. This law, which establishes sanctions for citizens of third countries who invest or trade with Cuba, constitutes an attempt to establish penalties and economic restrictions, whose scope disregards the basic principle of respect for the sovereignty of the states, according to a Parlacen communique.

This political forum for Central American integration urged the governments of the isthmus to voice their opposition to this law, because it fails to offer a solution to the conflict between Cuba and the United States and, quite the contrary, it makes the situation even more difficult.

Guatemala: Correction to Toughening of U.S. Embargo

PA1503170096 Mexico City NOTIMEX in Spanish 2144 GMT 14 Mar 96

[Corrected version of PA1503042896; explanatory notes describes differences from initial FBIS version]

[FBIS Translated Text] Guatemala City, 14 Mar (NOTIMEX) — Guatemala today voiced its disagreement with the toughening of the economic embargo the United States maintains on Cuba, pointing out that the Helms-Burton law adversely affects the people, not their leaders. [changing "as he pointed out," found in intitial FBIS version, to "pointing out"]

Foreign Relations Minister Eduardo Stein said that his country joins "other expressions of rejection over the decision the U.S. Congress made, because our foreign relations principles call for preventing the peoples' standard of living from being adversely affected."

He stressed that the Guatemalan Government "respects but does not agree with" the domestic decision made by the U.S. legislature, which toughens the embargo on the Caribbean island through the Helms-Burton law.

This week, U.S. President William Clinton signed the "Cuban Liberty and Democratic Solidarity Act," better known as the Helms-Burton law, following an agreement with the two chambers of the U.S. Congress.

The approval of the law took place in the aftermath of the downing of two lightplanes belonging to an anti-Castro organization, "Brothers to the Rescue," by a Cuban fighter-bomber on 24 February. Havana maintains that the two planes violated its airspace, while the United States affirms that the incident took place over international waters.

The new U.S. legislation attempts to punish citizens and businesses of third countries that invest in or trade with Cuba.

Stein recalled that Guatemalan President Alvaro Arzu has said that his government will not support any measure that adversely affects the peoples of sovereign countries. Arzu ruled out, for the time being, the possibility of establishing diplomatic relations with the Cuban Government; "however, we will remain open to consider them in the medium term, along with the establishment of diplomatic relations with other countries," the foreign minister underscored.

"For us, the main agenda deals with such Guatemalan domestic problems as the people's security situation, the

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economic relations with other countries, and the peace process," the Guatemalan diplomat added.

Stein also affirmed that programs to strengthen its foreign relations will be designed insofar as the most urgent Guatemalan problems are solved.

Nicaragua

Nicaragua: Correction to Agreement Signed With Switzerland

PA1803164596 Managua LA PRENSA in Spanish 15 Mar 96 p 4

[Article by Luis E. Duarte; corrected version of PA1803043396; explanatory notes describe difference from initial FBIS version]

[FBIS Translated Text] The governments of Switzerland and Nicaragua signed two cooperation agreements on 13 March that will benefit the country's rural areas. The Swiss donation is for $3.239 million. [correcting "amount" to "donation" per monitor recheck]

Those present at the signing ceremony were Deputy Foreign Cooperation Minister Sergio Mario Blandon, Swiss Ambassador Eric Pfister, Gustavo Martinez, director of the INAA [Nicaraguan Waterworks and Sewer Systems Institute], and Marco Rossi, director of the Swiss Agency for Development and Cooperation (Cosude).

Switzerland contributes between $10 million and $12 million to Nicaragua per year. In the next few years they expect to donate $39 million more for programs in the agriculture sector and for the financing of drinking water wells, Ambassador Pfister said during the signing ceremony.

"A total of 1,000 drinking water wells have been opened in a 10-year period, our contribution to the INAA this year will be $2.8 million, much higher than what the government contributed, which was $1.7 million," Pfister said.

The agreement called, "Transfer of Post-Harvest Technology in the Area of Basic Grains," aimed at guaranteeing food supply for rural families will have the contribution of $456,000 from the Swiss Government and $480,000 from the Nicaraguan Government.

In the ceremony in which both agreements were signed, participants also signed the final document of the First Mixed Switzerland-Nicaragua Cooperation Commission for 1996, which will benefit the country's agriculture and rural sectors with potable water, basic sanitation, and environment as well as the democratic sector, which will be attained with these agreements.

Deputy Minister Blandon said, "The Swiss Government's contributions are of vital importance for the development of the country's poorest sectors."

Blandon also thanked the Swiss Government's support in the repurchasing of Nicaragua's commercial debt.

The director of the INAA said the assistance has mostly been allocated for regions 1 and 2. "Up until now, that country's contributions have benefited 50,000 persons in rural towns and regions while 37,000 others are enjoying the benefits of latrines."

Rossi said that the joint INAA-Cosude program will be in effect for three years. It will be in charge of the construction of a drinking water supply system and latrines, which will benefit 73,000 Nicaraguans.

Meanwhile, in western Nicaragua as well as in the rural areas of Managua Department, a total of 1,000 drinking water wells will be opened for an estimated population of 200,000.

As for the post-harvest program, they expect to educate basic grain producers on how to guarantee food supply and on the possibility of selling their excess grain production at the best prices.

Panama

Panama: Official on Canal Reversion, Cuban Blockade

PA1703153196 Panama City ACAN in Spanish 2047 GMT 16 Mar 96

[FBIS Translated Text] Panama City, 16 Mar (ACAN-EFE) — Santiago Onate, Permanent Conference of Latin American Political Parties (Copppal) president, today affirmed that the U.S. return of the Panama Canal into Panamanian hands will promote the end of the blockade on Cuba and the colonial status of certain Caribbean islands.

The top leader of Copppal, who is also the leader of the Institutional Revolutionary Party (PRI) ruling Mexico, talked about the canal issue when he opened the 19th Copppal Plenary Session, which will be held until tomorrow in Panama City. Onate pointed out that the return of the waterway, which is slated for 31 December 1999, "will signify a victory for Panamanian sovereignty."

Approximately 47 center-leftist political parties that are Copppal members are analyzing in Panama new ideological currents and the economic and development problems in a world of globalization.

Onate affirmed that the economic blockade on Cuba, which the United States imposed more than 34 years

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ago, "constitutes as hateful a wall as the Berlin Wall and will also have to fall." The Mexican politician also criticized the new currents of economic globalization "evolving around commercial interests that do not necessarily address peoples' social and cultural consequences."

He urged party leaders to have more presence, as a continent, in the globalizing efforts to be able to have "more freedom and governability." In his opinion, in order for there to be democracy and governability, we need to share responsibilities "in which the government regulates power without monopolizing it and giving in to market forces."

"Democratic participation is achieved when leadership possibilities are decentralized and power is redistributed so that citizens are the real protagonists" of socioeconomic changes, he added.

He maintained that democratic institutionalization and socioeconomic development go hand in hand in Latin America and that, without the latter, democracy is reduced to pure mechanics.

Meanwhile Panamanian Gerardo Gonzalez, president of the ruling Democratic Revolutionary Party (PRD), said that the country faces the big challenge of continuing to efficiently manage the interoceanic canal when the United States returns it on 31 December 1999. Gonzalez, who is the Copppal vice president, demanded "full compliance" with the canal treaties that were signed in 1977 by then U.S. President Jimmy Carter and late Panamanian General Omar Torrijos.

The Panamanian politician stressed that it is not necessary to prolong U.S. military presence in Panama beyond the year 2000, as certain sectors of the PRD itself and the United States have proposed. This does not go against the cooperation that must take place between the two countries to fight drug trafficking.

In this forum, the political parties' assembly proudly welcomed two new parties: the Communist Party of Cuba and the Labor Party of Mexico.

According to sources from the group, Copppal is preparing a motion to reject the toughening of the embargo on Cuba and the U.S. system to evaluate the drug fight, especially the decertification of Colombia.

This political organization is made up of parties from Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Panama, Peru, Paraguay, Puerto Rico, the Dominican Republic, Uruguay, and Venezuela.

The Copppal assembly will also analyze the renewal of the parties' role, which discredit and the loss of credibility have adversely affected throughout the world.

Panama: PCC Official To Visit, Address Canal Transfer

PA1803221896 Panama City EL PANAMA AMERICA in Spanish 16 Mar 96 p 3A

[Report by Henry Raymont]

[FBIS Translated Text] Washington — Joseph R. Reeder, under secretary of the Army and president of the Board of Directors of the Panama Canal Commission [PCC], will visit Panama next week to talk with authorities about the progress of the plans for the reversion of the waterway's facilities. Reeder told "EL PANAMA AMERICA" correspondent that "our latest reports indicate that, so far, the progress made has been very satisfactory."

"I have also met with Ambassador Ricardo Alberto Arias to discuss the issue, and we fully agreed that the transfer process is taking place in an orderly fashion, following the plans the PCC prepared," he added.

Reeder expects to be in Panama City on 21 March, at the same time Commerce Secretary Ron Brown, who is the former chairman of the National Committee of the Democratic Party, is visiting Panama. Reeder pointed out that he has not read the report on the economic impact of the transfer of the Panama Canal the Panamanian Government drafted, but that he hopes to study the document as soon as he gets it.

The study was drafted by a team headed by Marcos Fernandez, who is an associate of Planning Minister Guillermo Chapman, and economist Jose Galan Ponce. It is understood that the report includes recommendations for a better use of the U.S. military bases that must revert to Panama.

A date to hold the talks to "discuss" the possibility of keeping a reduced military presence in Panama" has not been set yet. [quotation marks as published]

Panama: Official on Economic Report, Base Renegotiation

PA1903032196 Panama City MAGAZINE DOMINICAL EL SIGLO in Spanish 17 Mar 96 p 2

[Report by Diamar Aparicio B.]

[FBIS Translated Text] Oyden Ortega, president of the Legislative Assembly's Foreign Relations Committee, yesterday said that the renegotiation of military bases beyond the year 2,000 is not yet a dead issue.

Ortega said that the economic report being prepared will serve to determine whether or not the proposal to renegotiate the presence of military bases beyond the deadline established by the Torrijos-Carter treaties is

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workable. "Therefore, I cannot say it is a dead issue," he said.

Later, he said: "I do believe that Panama should reach the conclusion, as soon as possible, that a negotiation on military bases under these terms is not good for us because it would be necessary to have a national referendum and it would be difficult for the government to secure the people's support, particularly because the government knows it will not obtain any benefit from this action."

He went on to say that a very "special" situation exists. The political parties have already rejected the renegotiation of the military bases.

Ortega denied that Panama must pay the United States for each property that reverts to Panamanian jurisdiction. Quite the contrary, he said. It is the United States which must concern itself with cleaning up the areas that were used for military purposes, and remove all kinds of contaminants from the environment and explosives that have not been detonated.

Ortega said that the United States is currently considering ways to comply with this stipulation. Noncompliance would be a violation of the 1977 Torrijos-Carter treaties.

Panama: Official on ARI's Authority Over Reverted Assets

PA1903010996 Panama City EL UNIVERSAL DE PANAMA in Spanish 18 Mar 96 p 28

[Report by Michell De la Ossa]

[FBIS Translated Text] According to the ruling Solicitor General of the Administration Alma Montenegro de Fletcher has issued, the Interoceanic Regional Authority, ARI, has the right to transfer reverted assets to government institutions that request them as long as it is for the development and progress of society.

ARI Administrator Nicolas Ardito Barletta consulted with the solicitor general on the implementation of Article 6 of the 14 January 1991 Law 1, which regulates the operations of the organization in charge of managing the reverted assets, the ARI. The aforementioned article stipulates that the Cabinet must approve the transfer of reverted goods to a state institution. In addition, the transfer of these assets could be on a free or paid-for basis.

However, the autonomous or semi-autonomous institution is not allowed to sell, mortgage, transfer, or use as collateral the good transferred to it, except in cases in which the transfer is done with the objective of developing housing projects.

All the land located in the area of the former Panama Canal Zone constitutes a "reverted good;" therefore, the ARI has jurisdiction over it, according to what the law stipulates.

The ARI's main duty is to put to good use the goods that will revert to Panama in these five years remaining for the transition of the Panama Canal.

The petition the ARI administrator filed is to clarify if the goods that are transferred to the Panamanian State could, in turn, be transferred to autonomous or semi-autonomous institutions. Lately, certain institutions have moved to buildings located in the former Panama Canal Zone. This is why the ARI has requested a clarification on the public jurisdiction over facilities located in the Canal Zone.

The ARI was created to put buildings and the land that will revert to Panama within the next few years in compliance with the Panama Canal Treaties to good use. The ARI will be responsible for turning these reverted areas into a source of jobs for Panamanians. In so doing the ARI's administration tries to comply with what Panamanian laws stipulate.

Panama: Entrepreneur Announces U.S. Secretary's Visit

PA1803164796 Panama City Circuito RPC Television in Spanish 1730 GMT 16 Mar 96

[Report by Vicenta Melania Herrera; from the "Midday Television News" newscast]

[FBIS Translated Text] The advance team of the U.S. secretary of commerce is already in our country. Once here, he will meet with entrepreneurs, industrialists, and the president of the Republic, during the so-called Panama-U.S. Gala Friendship Dinner.

Entrepreneur J.J. Vallarino Jr. reports that U.S. Secretary of Commerce Ronald Brown will arrive accompanied by a commercial mission comprising more than 50 CEO's of U.S. corporations and members of four U.S. think tanks [centros de opinion].

[Begin Vallarino recording] This dinner will be the culmination of three days of very intense work, which will begin with a breakfast at the presidential palace where the government team will explain to these gentlemen everything that has been done in Panama, what we are doing, and what is planned. This will allow them to see that we are advancing and that this is a new program with more opportunities, greater headway. Various ministers and heads of autonomous institutions will be there. [end recording]

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Vallarino stresses that all this is intended to promote foreign or joint investments.

[Begin Vallarino recording] Petroterminales continues to be a model of great interest for joint investments. All this is aimed at seeing whether we can create jobs for those Panamanians who are already unemployed and those who will be so in the future. [end recording]

Vallarino says that up to now their agenda does not include discussing the application of the Helms-Burton law. Accompanying J.J. Vallarino Jr. during the announcement were USPA [United States-Panama Business Council] Executive Director Ricardo Gonzalez de Mena and Arturo McGowen, president of the organization committee for the gala dinner, which is to take place on 21 March. They are fine- tuning the final details of this bilateral meeting.

Panama: U.S. Delegation To Discuss Diplomatic Relations

PA1803172996 Panama City EL UNIVERSAL DE PANAMA in Spanish 16 Mar 96 p A-1

[Report by Victor Dagoberto Torres]

[FBIS Translated Text] A U.S. Government working delegation headed by Commerce Secretary Ronald H. Brown will arrive in Panama to design commercial strategies for the reverted areas and study diplomatic relations in the aftermath of the departure of the U.S. military bases from Panama in the year 2000.

J.J. Vallarino, United States-Panama Business Council (USPA) president, said that the USPA is preparing the Friendship Dinner, which is the climactic event in the visit U.S. Commerce Secretary Brown will make to Panama as representative of President Bill Clinton.

The commerce secretary will arrive in Panama for a three-day visit, during which he will meet with members of President Ernesto Perez Balladares' cabinet. Brown's visit will begin with a breakfast at the Presidency of Republic; the Panamanian Government team will explain to the U.S. delegation that will accompany Secretary Brown everything that is being planned to promote investments in the reverted areas.

The U.S. commerce secretary will be accompanied by a commercial delegation of more than 50 U.S. CEO's and four think tank chiefs. The following will also accompany Brown: Lauri J. Fitz-Pegado, assistant secretary and director general of the U.S. and foreign commercial service; Bill Morton, assistant secretary for international cooperation [name and title as published]; Charles Meissner, assistant secretary for international economic policy: Anne L. Alonzo, deputy assistant secretary for environmental technologies exports: and Karen Ware, regional director for the western hemisphere [name and title as published].

Secretary Brown will also meet with President Perez Balladares and his government team on 21 March at the Caesar Park Hotel. During this event, Joe Reeder, U.S. Navy assistant secretary and Panama Canal Commission president, will be recognized as a "Friend of Panama" for his work favoring the transition of the waterway.

Panama: U.S. Secretary Visit Said To 'Strengthen' Ties

PA1803184196 Panama City LA PRENSA in Spanish 16 Mar 96 p 17A

[From the "Casules" column]

[FBIS Translated Text] Michael Barnes, president of the board of directors of the United States-Panama Business Council [USPA], and former Panamanian Ambassador Juan B. Sosa, president of the USPA chapter in the United States, have declared that the visit by U.S. Commerce Secretary Ronald Brown will strengthen relations between the two countries.

A press note from the Foreign Ministry reports that Barnes and Sosa made this statement during a reception in honor of Secretary Brown at the residence of Panamanian Ambassador to Washington Ricardo Alberto Aleman. Secretary of Commerce Brown will soon be visiting Panama.

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Argentina

Argentina: Menem Views Security at 'Three Borders Zone'

PY1803231096 Buenos Aires TELAM in Spanish 1415 GMT 18 Mar 96

[FBIS Translated Text] Buenos Aires, 18 Mar (TELAM) — President Carlos Menem today made a call to fight terrorism and drug trafficking with coordinated and global actions. The president said that soon we will be able to show substantial progress in the so-called three borders zone encompassing Argentina, Brazil, and Paraguay.

"It is essential to globalize the legislation directed at fighting terrorism and drug trafficking, among other crimes, which have increased dramatically lately," Menem emphasized during the ceremony to sign the Agreement on Security and Transit in the Three Borders Zone in the areas of Puerto Iguazu (Argentina), Foz do Iguacu (Brazil), and Ciudad del Este (Paraguay).

"We have taken a very important step," Menem stressed when talking about the ceremony at the Government House's White Hall this morning.

The president said that "in another 30 days" we will have the legal elements necessary to advance on these issues. Menem also expressed confidence that "things will improve substantially in these region of our fatherlands in a very short time."

"I have been saying for some time that this world global process involves all human activities," Menem said.

The president said that "legal activities as well as criminal activities" are involved in the global process. Countries' "economies, laws, cultural activities, commerce, and industry are becoming global. Unfortunately, criminal activities are also becoming globalized."

The president said that governments have the obligation "of coordinating measures to fight these crimes (terrorism) that expose communities to dramatic situations."

Menem stressed the Argentine, Paraguayan, and Brazilian Governments' desire to work together in order "to offer security to our peoples in this Latin American region," referring to the agreement signed today.

Menem said "we also want this security for the rest of the world because we cannot resign ourselves to fighting terrorism, subversion, and drug trafficking only in our region."

"We should also take our massage of peace and security to the rest of the world," Menem emphasized.

The agreement was signed by Argentine Interior Minister Carlos Corach, Paraguayan Interior Minister Diogenes Martinez, and Brazilian Justice Minister Nelson Acevedo Jobim.

The agreement will permit agents deployed in border zones to take joint actions in order "to prevent and fight" illegal activities and possible acts of terrorism in the area.

The borders zone referred to in the agreement is the one linking the three nations through Puerto Iguazu, Foz do Iguacu, and Ciudad del Este.

Also present were Chief of Cabinet Eduardo Bauza, Economy Minister Domingo Cavallo, Justice Minister Rodolfo Barra, and Supreme Court President Julio Nazareno.

Argentina: Report Explains 'Three Borders Zone' Accord

PY1903014396 Buenos Aires TELAM in Spanish 1806 GMT 18 Mar 96

[FBIS Translated Text] Buenos Aires, 18 Mar (TELAM) — The creation of a common data center and the establishment of joint mechanisms to fight crime and prevent possible acts of terrorism in the three borders zone are the main points of the agreement signed by Argentina, Brazil, and Paraguay today.

The agreement seeks "to facilitate the movement of people and achieve an effective control of documents and the identity of those living and moving" in the three borders zone "strictly fulfilling current immigration laws."

Organizations with jurisdiction in the zone will coordinate their activities in order "to control the entry and exit of individuals and vehicles, as well as the authenticity of their respective documents, in order to prevent and combat illegal activities and possible acts of terrorism."

The Agreement on Security and Transit in the Three Borders Zone was signed at the Government House's White Hall by Argentine Interior Minister Carlos Corach, Paraguayan Interior Minister Diogenes Martinez, and Brazilian Justice Minister Nelson Acevedo Jobim.

The ceremony at the Government House's White Hall this morning was presided over by President Carlos Menem.

In the agreement the three nations decided to create a common data center and interconnect existing files on individuals and vehicles, taking as bases the three borders zone, and implement an "agile and effective" system for the exchange of information and consultations on the matter.

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With this purpose in mind, the three countries propose the creation of "centers for consulting documents," which must be operative without interruptions in order the provide all pertinent information to intervening organizations.

Through the agreement, the three nations commit themselves to study "the possibility of implementing, according to each country's internal legislations, a voluntary identification system."

Argentina, Brazil, and Paraguay also agreed "to establish mechanisms to permit joint efforts in the fight on criminal activities in the region."

Argentina: Navy Chief Comments on Possible Naval Base

PY1503181196 Buenos Aires TELAM in Spanish 1530 GMT 14 Mar 96

[FBIS Translated Text] Buenos Aires, 14 Mar (TELAM) — Admiral Enrique Molina Pico, Navy chief of staff, emphasized today that the prospective establishment of a new naval base in a port that is under construction in Caleta Paula (Santa Cruz Province) will represent a fulcrum for controlling fishing resources.

Molina Pico told Radio America: "This base will permit us to have geographically well-situated support for controlling fishing resources in the exclusive economic zone, north of the Malvinas Islands.

Santa Cruz Governor Nestor Kirchner and the Navy chief of staff signed on 12 March an agreement for establishing a new naval base in the Caleta Paula port in San Jorge Gulf that will serve to station two missile-equipped frigates and to quarter 250 seamen.

The Navy chief of staff emphasized: "We need a base, as present-day ships have huge capabilities, but also more requirements. We have achieved an ideal location in Santa Cruz Department in a port that is under construction in Caleta Paula, near Caleta Olivia."

Molina Pico pointed out that the Argentine exclusive economic zone represents a "conflictive" area, "as, during the past four or five years, there have been incidents" with trawlers flying foreign flags. In this regard, he recalled the incident involving the Argentine vessel Antarctic III in the South Georgia Island that was recently solved.

Argentina: Mercosur, Chile Achieve Integration Agreement

PY1403191296 Buenos Aires TELAM in Spanish 2305 GMT 13 Mar 96

[FBIS Translated Text] Within the framework of the negotiations to achieve an economic complementation agreement, Mercosur [Common Market of the South] and Chilean experts achieved at an agreement today on physical integration.

Jorge Campbell, Argentine Foreign Ministry international economic relations secretary, made this announcement this afternoon, emphasizing the significance of this agreement for the future of Mercosur.

Campbell noted: "Achieving a favorable agreement on physical integration was among Argentina's major advantages in this relationship between Mercosur and Chile. This agreement has now been achieved."

Campbell announced that the border passes that will be opened between Chile and Argentina, and the works that Chile and Argentina will carry out to achieve the transoceanic corridors have already been established.

The physical integration agreement represents a major breakthrough in Chile's integration into Mercosur, an integration that has been described as a priority for Argentina's foreign policy, as it involves an outlet to the Pacific Ocean and to Asian countries for Argentine exports.

Argentina: Communications Measure Said Cavallo 'Loss'

PY1603035196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1045 GMT 8 Mar 96

[FBIS Translated Text] Buenos Aires, 8 Mar (NA) — The strategic communications area passed from the control of the Economy Ministry to the presidency of the Republic in a measure that was interpreted as a loss of power for Economy Minister Domingo Cavallo and as a gain in power for Chief of Cabinet Eduardo Bauza.

However, official spokesmen said that the decision to transfer the sensitive telecommunications area was made by Economy Minister Domingo Cavallo himself, with the purpose of "completely dedicating himself to the economic reactivation."

The restructuring of the telecommunications sector was an old aspiration of former Media Secretary Guillermo Seita — a man close to Cavallo — and now it will happen, but with people close to Bauza.

Through a quick change of command and a detonating factor, which was the estrangement of Haroldo Grisanti

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from Encotesa [National Enterprise for Mail and Telegraph, Inc.], the government decided to create a Communications Secretariat that will be subject to the executive branch.

The new secretariat will include the National Postal and Telegraph Commission (CNCT), the National Telecommunications Commission (CNT), and the official post service.

The new Communications Secretariat will be headed by Guillermo Padin, from Mendoza, as determined by President Carlos Menem. Padin, who is close to Bauza, is former trustee of the National Atomic Energy Commission.

Menem appointed former Santa Cruz Governor Arturo Puricelli, who is a Menemist, as president of Encotesa. Menem had fired Grisanti from Encotesa the day before yesterday because of the fact that he is being prosecuted for alleged fraudulent administration.

Grisanti and the rest of the Encotesa executive board members tendered their resignation to the president during a meeting that took place at the Olivos presidential residence yesterday.

The CNT will be headed by its current secretary general, Alberto Jesus Gabrielli.

[Carlos] Bastos will remain as energy and transportation secretary. Before being CNT head, [Raul] Aguero had been fuel under secretary. [sentence as received] No one has yet been appointed as head of the CNCT.

The restructuring of the communications sector was announced simultaneously by Media Secretary Raul Delgado in the Casa Rosada and by Horacio Liendo, legal and technical secretary of the Economy Ministry, in a news conference at the Economy Ministry.

Delgado went twice to the news conference room in Casa Rosada, first to announce Grisanti's estrangement from Encotesa and then the restructuring of the telecommunications sector.

In turn, Liendo confirmed that Cavallo had been the one to propose the restructuring of the communications area "to the president through the chief of cabinet," before traveling to the United States.

"According to what the chief of cabinet (Bauza) told me, the president agreed," Liendo said.

When asked whether the measure reduces Cavallo's power, Liendo recalled that "the minister does not consider that to be the case," and he stressed that "such an important sector as this will operate better under the presidency."

"No one is taking anything away from anybody," Liendo said, adding that "public performance cannot be measured by accomplishments or defeats because there must be service to help the president in the fields that require responsibility."

This new structure must also solve the debate over the future postal service law which led Cavallo to attack alleged "mafias" in the postal system.

The new telecommunications law which will be debated in the next few months in Congress will also be analyzed by this new secretariat.

When reminded of the economy minister's attacks against [postal service] businessman Alfredo Yabran, Liendo said that "when an area is transferred, all its files are also transferred with it," as he acknowledged that the problem will have to be resolved by the new authorities.

Liendo said that the transference of the telecommunications area to the presidency "is foreseen in the law of the ministries." This is really a norm that is still being discussed in the congressional committees, and that has not yet been approved by the house.

"Obviously the subject of Grisanti hastened the decision to transfer it, but the proposal had already been contemplated in the law and the president agreed to it," Liendo said.

He added that "if there is any speculation about the political criteria to design a postal service policy, the best that can be done is for this doubt to not exist and for the policy to be directly conducted by the presidency."

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 1345 GMT on 8 March carries a related item that adds: "Horacio Liendo, Economy Ministry legal and technical secretary, today considered that the transference of the communications area to the presidency of the Republic "does not represent a defeat" for Economy Minister Domingo Cavallo. He denied that Cavallo's power has been eroded, 'since Cavallo himself made the decision of proposing to President Menem, through the chief of cabinet, the transference of the communications area.' Besides, he added, 'we are not in the Economy Ministry to gain power; we are here to administrate the things that are important for the people. The minister has clearly expressed his position regarding the postal service.'"]

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Argentina: Menem, Cavallo Clarify 'Misunderstandings'

PY1903035296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1352 GMT 17 Mar 96

[FBIS Translated Text] Buenos Aires, 17 Mar (NA) — President Carlos Menem and Economy Minister Domingo Cavallo have closed the last chapter on the controversy that started during the latest cabinet meeting. The meeting at the Olivos residence was without witnesses, although Cabinet Chief Eduardo Bauza joined them at the very end.

The "summit" served to clarify the "misunderstandings" that greatly strained relations between Cavallo, Bauza, and Interior Minister Carlos Corach. The three had a strong argument on the creation of a National Council for Production and Employment.

During the meeting Menem asked the head of the Economy Ministry "to control his reactions" and "to dedicate all his time to the economy." The president, however, used an indulging tone with his minister.

Government House spokesmen said that the conversation was cordial and that relations within the executive "returned to normal."

Menem, however, took advantage of the meeting, which had been requested by the minister, to convey his concern for the economic recession and the high levels of unemployment in the country.

The president also touched the need to reactivate the economy as soon as possible before the persisting stagnation could create new complications for the government in the political and social spheres.

The minister, in turn, repeated his complaint for not having being consulted on the creation of the consultative council on employment and production, an organization that Bauza and Corach had agreed to create in order to prevent the CGT [General Confederation of Labor] general strike on 26 March.

This multilateral organ — it includes government, CGT, and businessmen representatives — will be created by a decree drafted by the chief of cabinet and the interior minister and will replace the inefficient Council of Production and Labor that included Economy and Labor Ministries representatives.

"I felt annoyed because I had not been consulted," Cavallo bitterly complained. Cavallo created an explosive situation during the last cabinet meeting when he refused to sign Bauza and Corach's decree considering that it was a new trimming of his powers.

According to the sources consulted by NA, Menem reportedly answered Cavallo's complaints by asking him: How come? Didn't you talk among yourselves first?

The president was joined by Bauza at the end of the meeting. Bauza was one of the two ministers who opposed Cavallo during the cabinet meeting and who came out to deny the rumors of the minister's resignation after the crisis.

Argentina: Cavallo Appoints New Head of DGI

PY1503025096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0036 GMT 14 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 13 Mar (NA) — The appointment of [Trade and Investments Secretary] Carlos Sanchez — Cavallo's right-hand man who has so far acted as deputy economy minister — as head of the General Directorate of Taxation (DGI) reflects the importance [Economy] Minister Domingo Cavallo attaches to the fight against tax evasion.

Co-founder of the Mediterranean Foundation in 1977 together with Cavallo, Sanchez is one of the officials who has stood side by side with the economy minister since the latter was entrusted with the economy portfolio in February 1991.

Cavallo always named Sanchez, who has a Ph.D. in Economics, as acting economy minister whenever he had to travel overseas.

Sanchez, who keeps a low profile vis-a-vis the press, is incapable of divulging information unless a final decision has been reached on the question. He took office as finance secretary in 1991 and then was tasked with heading the Trade and Investments Secretariat. [passage omitted]

Sanchez, who is a veritable technocrat, managed to build up a reputation among his colleagues at the Economy Ministry, and on many occasions, the press considered that finding him was like "looking for a needle in a haystack."

Cavallo's decision to nominate Sanchez as DGI director is a masterstroke in view of the sluggish tax collection and the courts' inquisition into several members of the economic team.

The newly appointed DGI director today challenged reports claiming that the replacement of former DGI Director Hugo Gaggero is a "symptom of" [Economy] Minister Domingo Cavallo's "weakness."

Following the installation ceremony, Sanchez asserted: "On the contrary, the nomination of a secretary of state

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as DGI director only confirms the political continuity furthered by the president of the Republic."

Sanchez said that he assumed his new duties "aware of the formidable, complex, and onerous task that lies ahead of me, but with the certainty that I will be able to achieve the objectives that Minister Cavallo and President (Carlos) Menem have laid down." [passage omitted]

Sanchez was installed in office by Cavallo in a ceremony held at the DGI headquarters, which was attended by all the members of the economic team.

Marcelo Regunaga, current commercial attache in the United States and former secretary of agriculture and fisheries under the incumbent administration, will replace Carlos Sanchez as trade and investments secretary.

This was announced today by the economy minister, who also reported that Economic Planning Secretary Juan Llach will act as deputy economy minister.

Llach will continue holding his position as economic planning secretary and will assume the political and bureaucratic tasks of the post of deputy economy minister, which were previously discharged by Sanchez. [passage omitted]

Argentina: Directorate of Taxation Head Gaggero Resigns

PY1503022896 Buenos Aires TELAM in Spanish 1942 GMT 13 Mar 96

[FBIS Translated Text] Buenos Aires, 13 Mar (TELAM) — Hugo Gaggero, General Directorate of Taxation (DGI) director, today tendered his resignation from that post for personal reasons. His resignation was immediately accepted by Economy Minister Domingo Cavallo.

During a news conference that was quickly called for the early afternoon hours of 13 March at the Economy Ministry, Gaggero emphasized: "I am leaving without any legal problems."

Gaggero said: "I decided to resign so as to eliminate another flank in this long story that is being told about the IBM-Argentine National Bank case in which the DGI is directly involved, as it is a major IBM user in a project that cost more than $500 million."

Gaggero added: "For everything to be fair as of now, I believe it is my duty to step aside."

Finance Secretary Ricardo Gutierrez said the appointment of the new DGI director, who "will be a member of our team," would be announced over the next few hours.

Gutierrez pointed out that Gaggero "would continue to cooperate with the economic team."

Gaggero emphatically made it clear that, in the case involving the Argentine National Bank, of which he was vice president, no employes have been indicted, but 37 people have been incriminated, whereas he was acquitted in a lawsuit filed against him in Cordoba when he was installed as DGI director.

Gutierrez said he had been trying for three hours to have Gaggero change his mind, but Gaggero did not yield.

Gaggero said: "I had been considering it after reading the newspapers from 9 and 10 March and I believed that my departure was a positive alternative."

Gaggero added: "It is like having a glass of water that is being filled and then overflows. I feel as if I were overflowing."

Gaggero noted that he does not view Aldo Dadone's, Gustavo Parino's, and Haroldo Grisanti's departures as well as his own departure as an offensive against the economic team.

Speaking in the finance secretary's office, Gaggero said: "I merely view my own case in a specific manner, as I am not voicing an opinion on the political aspects."

Gutierrez said the [economy] minister would announce the new DGI director. He emphasized that he hopes no changes will be made in the DGI management.

Gutierrez said: "Gaggero's work has been very important and it will yield long-term, and not short-term, results that will last."

Customs Director Walter De Fortuna also extolled Gaggero. Answering a question posed by a journalist, Gutierrez said he did not receive any reports that De Fortuna is also considering the possibility of tendering his resignation.

Gutierrez emphasized that, regardless of posts, the spirit that is motivating us, Cavallo's team members, "involves pursuing the economic policy goals for helping in our country's transformation."

Gutierrez indicated: "One day we could hold an important post and another day a less important post, but all of us continue to participate."

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Bolivia

Bolivia: Daily Views EU Opposition to Helms-Burton Law

PY1803163196 La Paz LA RAZON in Spanish 10 March 96 p A6

[From the "Thursday and Sunday" column by Jose Luis Roca: "Can the EU Counterbalance the United States?"]

[FBIS Translated Text] The EU has raised its voice against the recent misguided U.S. measures against Cuba (which are similar to those which have clearly and consistently failed over the past 35 long years). From Brussels, virtual new seat of the confederation of countries of Western and Central Europe, the EU Council of Ministers informed the United States that its insane, obsolete "Helms-Burton Bill," which had already been overwhelmingly approved by the U.S. House of Representatives, violates agreements under the WTO and under other international organizations of which the United States is a member country.

The bill's objective of seeking to confiscate property and assets of foreign companies within U.S. territory if these companies engage in trade operations with Cuba (in addition to other equally repulsive measures) constitutes, in the opinion of the EU, "an extra-territorial extension of U.S. jurisdiction, having neither legal nor international grounds." In a strong communique, the EU Council of Ministers condemned the fact that the United States "seeks to condition trade and economic relations with the EU to its unilateral legislation."

It is worrisome and tragic that the absolute monopoly of power of the United States in today's world does not benefit anyone. The government of that immense, prosperous and — in many aspects — model nation has been forced by circumstances to display the same zeal in protecting the well-being of its citizens and in performing its policing tasks worldwide. This means simultaneously performing on two different fronts. Because of the particular nature of the problems involved, it would thus be easy to make mistakes and incur omissions that could be fatal to mankind.

The pre-electoral mood now prevailing in the United States poses a formidable dilemma: President Clinton — who would rather consider it a confirmation than a reelection — is being forced, if he wishes to continue as the White House tenant for the next four years, to closely link his foreign policy decisions to domestic issues and, consequently, to the number of votes he could obtain in the November election. It does not matter if his political record is out of keeping with his performance today because he must move in the direction in which the electoral masses want him to go. If not, he will have to surrender his political office, and no politician likes to do that.

The above factors — which coincided with an unfortunate incident in which two small civilian planes were shot down off the Cuban coast — caused President Clinton to yield to the powerful pressure exerted by the ultraright and by Cuban exiles. These pressures resemble those exerted in the past by the wealthy New York Jewish community to add fuel to the Middle East fire, which fell upon past leading U.S. politicians.

Yet, what effect would this clear position taken by the EU have on its ally, which provides for the defense of Europe? Are we witnessing the emergence of a bipolar system, not in terms of military power but rather in terms of economic and trade power? Could we, the weak countries, harbor a hope that in the near future another power will be able to question those imperial decisions that affect our stability and our future?

While what is happening among the 15 EU member countries could substantiate this hope, the deplorable reality prevailing in the rest of the European continent suggests otherwise. The disastrous situation that still prevails in the former East Germany and the weakness of the former members of the defunct Soviet Union, is overwhelming and discouraging. Yet, the most disastrous situation stems from the failure by the EU to manage the Balkans conflict, at least in terms of stopping the brutal killing that for three years has devastated Bosnia. It was up to the United States again — as a delegate representing the rest of the horrified, powerless world — to have the last word on this issue, and its relative success has contributed to make Clinton a sure winner in the November election.

An issue running parallel to the new sanctions on Cuba is that involving the notorious practice of issuing a "certification" to those countries involved in fighting prohibited drugs. The U.S. clumsiness regarding Cuba has been repeated in the Colombian case. A a clique of powerful White House officials states that Colombia has not done enough to fight the drug trade and must therefore pay the consequences for its failure. What these officials fail to foresee is that their clumsiness may generate a healthy nationalist reaction in Colombia that is similar in many ways to that in Cuba.

These realities are, however, going unnoticed by most of the U.S. population, who continue to indulge their traditional self-centered, arrogant attitude. U.S. leaders, as yet unable to counter this, and merely prefer to continue to endorse it. [sentence as published]

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Brazil

Brazil: Lithuanian President Arrives for Visit 17 Mar

PY1903032196 Madrid EFE in Spanish 2125 GMT 18 Mar 96

[FBIS Translated Text] Brasilia, 18 Mar (EFE) — Brazilian President Fernando Henrique Cardoso on 19 March will meet with Lithuanian President Algirdas Brazauskas, with whom he will address trade and investment matters.

Cardoso and Brazauskas will hold a working meeting at Itamaraty Palace, the Brazilian Foreign Ministry headquarters, before attending a lunch reception, the Brazilian Foreign Ministry reported today.

Before the reception, Lithuanian Foreign Minister Povilas Gylys will meet his Brazilian counterpart Luiz Felipe Lampreia.

Brazauskas, who today visited Sao Paulo — where he met with State Governor Mario Covas — will visit Congress and the Federal Supreme Court.

After his stay in Brasilia, the Lithuanian president — who arrived on 17 March — will go to Rio de Janeiro, from where he will leave for Caracas.

Brazauskas, the first Lithuanian president to visit Brazil, intends to promote ties, expand bilateral trade, and find areas for investment.

Brazil: Finance Minister Interviewed on Bank CPI

PY1503000096 Sao Paulo GAZETA MERCANTIL in Portuguese 7 Mar 96 p B3

[Interview with Finance Minister Pedro Malan by Vera Brandimarte and Ivanir Jose Bortot in Brasilia on 6 March]

[FBIS Translated Text] [GAZETA] What is your opinion of the Congressional Investigating Committee [CPI] on banks, which was created on 6 March by the Federal Senate?

[Malan] The consequences were already felt on 7 March, due to a degree of uncertainty in the market. No finance minister could never deem such a thing positive. This is a prerogative of Congress. I have no intention of discussing one of the Republic's branches or its prerogatives. Tranquility reigns within the administration. We have nothing to hide and will explain things as much as required. Central Bank [BC] President Gustavo Loyola's attestation before the National Congress proves we are interested in answering every single question. One trait that characterizes President Cardoso's administration is the courage shown in facing problems that have often been left for later; we do not postpone decisions or use high inflation rates to hide problems. High inflation is a smokescreen that blocks out the true nature of problems that must be faced. These problems have not appeared suddenly. It would be entirely naive — politically mistaken or politically motivated — to imagine that everything was going fine until 1995 when problems began to appear, and that these problems were generated during Cardoso's administration. It is odd, to say the least, that this CPI is restricted to investigations as of the start of 1995 — to January 1995. Anyone with a minimum amount of information knows these problems have a gestation period, a history. From what has already been uncovered, one can see the Nacional Bank difficulties are at least 10 years old. If this problem is approached in any way that is not politically motivated — not aimed at harming President Fernando Henrique Cardoso's administration or his person — this should obviously and, for the sake of coherence, we should understand that these investigations must go back as far as necessary to allow us to see why these problems were not faced by past administrations.

[GAZETA] Will the CPI leave the financial area exposed to rumors for too long? Particularly if we consider that the market usually anticipates the facts? Will that be bad for the Real Plan?

[Malan] It is negative for the program precisely for these reasons. The market already reacted on 7 March. Personally speaking, as a citizen and not as a minister, I believe there is no reason to install a CPI. I believe the proposal to install this CPI shows clear political objectives against the Cardoso administration. There are other interests involved but, as I am not a politician, I do not want to go into details. I just reiterate: We are absolutely calm within the Cardoso administration and know that there will be no difficulty in answering or explaining any question, or in showing what we are doing. We know that our actions are an attempt to face with courage problems that have previously been postponed.

[GAZETA] Will the decision to change the BC systems of control and supervision make the market more tranquil?

[Malan] Let me point out two things: First, these changes were already being implemented. I believe certain things can be improved and the BC supervisory system can be improved. The system can be improved just as any other public institution can be improved, even the legislative and judicial branches. We have achieved significant institutional progress in the financial area and in the performance of the BC. The adoption of the Basel

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rules, which establish the minimum capital requirement related to assets and risk capital, is an achievement. For some time, we have been approaching regulating agencies worldwide to learn from the other countries' supervisory experience. We have regular contact with the BIS (Bank of International Settlements), which is the central bank of central banks, and our experts have attended BIS meetings. The decision by the Brazilian Government to create a Guarantee Fund For Deposits, together with the Program to Encourage the Reorganization and Strengthening of the National Financial System, are an important step forward. Another provisional measure granted the BC the capacity to adopt preventive actions, which it previously did not have. The previous legislation was restricted to trusteeships and the liquidation of banks. Now, based on the laws, the BC can force banks to modify their administration, demand an increase in their capital, reorganize their shareholders cadre, and transfer stock control before making any decision about a possible liquidation or trusteeship. We now also hold the majority stock owner responsible for losses (in the case of bankruptcy) which did not occur previously. In the past, the BC could only go after the bank's administrator and not after the majority stock owner. Now, these assets can be embargoed and lost assets can compensate for the cost of reorganizing the institution.

[GAZETA] What other measures can the administration adopt?

[Malan] Following our talks with Congress on the reissuance of a provisional measure on the powers of the BC, we will have a text that will already expand the responsibility of independent, external auditors to analyze the balance sheets of financial institutions. We are analyzing the final details of these changes with Congress.

[GAZETA] Is it possible to formulate a better qualitative control of the bank assets? Currently, the market believes other banks may be having the same problems as the Nacional Bank, because last year's insolvency forced several institutions to roll on their credit operations without any guarantee that they may be honored.

[Malan] Of course it is possible to improve the qualitative control of assets. This will be done more and more intensively. Supervision by the BC will analyze, in a more detailed manner, the quality of each bank's credit operations. I would like to add, however, the following: I want to reiterate my absolute confidence in the board of directors of the BC — in [BC President Gustavo] Loyola, [Director of Norms] Claudio Mauch, [International Affairs Director] Gustavo Franco, Economic Policy Director Francisco Lopes, Administrative Director Carlos Eduardo Tavares, and Monetary Policy Director Alkimar Moura. They are all competent professionals and honest people. None has ever been involved in illegal activities within the financial system.

[GAZETA] Are they being exposed to excessive questioning? Are their personal images are being stained, which will make their permanence in the administration more difficult? There were very strong rumors on 7 March that the BC board had massively resigned.

[Malan] I have often been asked this question over the past few months: I have answered no to it and will continue to do so. There are two ways for those who occupy responsible positions to leave the government. All positions are at the disposal of the president of the Republic 24 hours per day. Therefore, and at any time, the president can request that a position be vacated. There is no indication, however, that this will occur with regard to the BC board. On the contrary, President Cardoso has demonstrated support for the current BC board and I have done the same. The other possibility is that an official, by his personal and individual decision, reaches the conclusion that he cannot continue to perform a task adequately. It is not up to me to speculate if someone, for personal or familiar reasons, may someday decide to resign from a certain position.

[GAZETA] Would changing the BC command right now create problems for the Real Plan?

[Malan] Two things are bad. First, the attitude within certain circles toward the institution as a whole. Just as I have expressed confidence in the BC board, I would like to express my confidence in the BC as an institution, and in its cadre, which still represents an island of competence within the Brazilian public service. I am concerned, however, about certain accusations — some frivolous, others irresponsible or entirely for political purposes. These accusations seek, on the one hand, to stain the personal honesty of the BC directors and the integrity that is characteristic of the BC board while, on the other hand, they seek to attack the institution as a whole.

[GAZETA] Precisely because the BC has the image of a competent institution, the market finds it odd that, in the case of the Nacional and Economico Banks, the BC should have taken so long to perceive what was going on. Could it be that the government postponed a decision on these banks because it lacked, at the time, the adequate instruments?

[Malan] No one has ever questioned what has been done. In the case of the Nacional Bank, we did what had to be done. People who had deposit accounts and savings pass books in the Nacional Bank have had

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their interests protected. All the Nacional Bank offices opened normally on the next Monday, right after the bank was placed under trusteeship. There were no implications of a systemic nature, but this could have happened if a judicial liquidation had been used to solve the problem of the fifth largest bank in the country. No one questioned the solution. The discussion, which is surrealistic, seeks to establish if the decision should have been made earlier. It is a matter of judgement. Some believe it should have been made the moment the BC supervising area identified the problems with the management. This type of problem is never discovered the way one would detect tooth decay while consulting a dentist, evaluate the extension of the problem, the alternatives that could be adopted, and make a decision. Thus, everyone is free to speculate if the moment should have been 1986 or 1988. If we had an entirely infallible, omnipotent, omniscient, and omnipresent supervision would it have been possible to identify this problem earlier? My answer is this: Strict British supervisors took time to perceive the BCCI frauds; In the United States, the Daiwa Bank was committing frauds for 11 years. Like human beings, institutions are not infallible.

[GAZETA] Is the administration ready to face a possible liquidity crisis in the financial system?

[Malan] Of course. A country with more than $50 billion in reserves and almost $40 billion in compulsory deposits in the BC is ready to deal with any eventuality. We still believe the Brazilian financial system is effective, solid, modern, and competitive. What worries me, and worries many people worldwide, is that there are signs of irresponsibility which allow gossip and rumors to create problems that, otherwise, would not exist. By the way, spreading rumors and untruthful data on financial institutions is a crime under Brazilian law. These rumors are an attempt to transform technical, economic, and financial matters into a circus show.

[GAZETA] How are the Excel Bank negotiations on the Economico Bank getting along?

[Malan] Everything is going well. The people from the Excel Bank held a long meeting with BC officials on 7 March. Gustavo Loyola told me that things are going fine, but they are discussing complex topics and technical matters. It is not a political decision.

[GAZETA] Can this CPI have a negative impact on foreign investors?

[Malan] I believe there will be a period of uncertainty, until the meaning of the CPI is understood. I hope good sense will prevail and things will be understood in their true dimension. I cannot believe the objective of the CPI is to destabilize the administration and the country. It is hard to imagine someone having this type of attitude.

Brazil: Survey Shows Bank Profits Down

96SM0151A Sao Paulo GAZETA MERCANTIL in Portuguese 4 Mar 96 p C3

[Article by Hilton Hida: "Banks Lose Profitability in 1995"]

[FBIS Translated Text] Sao Paulo—Banker Antonio Hermann de Azevedo of the Ministry of Foreign Affairs got it right. Speaking as president of the Brazilian Association of Commercial Banks, he said a few weeks ago that 1995 had been "the most difficult year in the history of the financial system." In addition to seeing doubts about the credibility of their balance sheets multiply, the banks had to struggle to secure their profits. In most cases, they did not succeed.

A survey by GAZETA MERCANTIL's Information Center of the 50 largest banks that have already published their balance sheets shows that 32 of them lost profitability last year. All told, the profits earned by the 50 banks came to 2.88 billion reals, reflecting a return of 13.2 percent on their consolidated capital of 21.9 billion reals. In 1994, the figure had been 14.8 percent.

Consolidated data tend not to be very enlightening because they are a combination of the operating results of financial institutions with different characteristics, and an excellent performance by one may offset barely tolerable performances elsewhere (or vice versa). Even so, it can be considered in general that there was a deterioration. Consultant Carlos Daniel Coradi of the EFC [expansion unknown] backs up that opinion: in a year in which huge deficits appeared in the Bank of Brazil, the Banco Nacional, the Banco Economico, and Banespa [Sao Paulo State Bank], the only possible conclusion is that operating results worsened.

The reasons for the decline are well known. Last year, revenues in the form of the "float"—the profit earned by banks in periods of inflation thanks to customer balances—vanished. Even though the Real Plan was already in its second six-month period, Bradesco [Brazilian Discount Bank] billed 1.2 billion reals in float in 1994. Last year the figure was only 107 million reals.

The institutions argued that they had been preparing for the situation by upping their fees for services, which is true. But the increase in Bradesco's revenue from fees, which totaled 1 billion reals on the consolidated balance sheet, was only 41 percent, or not enough to cover the decrease in inflationary profits. At the same time, as Coradi points out, efforts by the banks to reduce

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administrative and personnel costs have so far yielded meager results.

The major source of revenue supporting the profitability of the financial system was loan operations. Even with the restrictions imposed by the government beginning in the second quarter, 31 of the 50 banks surveyed ended the year with a larger volume of outstanding loans than in 1994. With interest rates in the stratosphere, loan revenues were up even more.

High interest rates also increased the number of defaults, which are another reason for the decline in profits in 1995. The survey by GAZETA MERCANTIL shows that of the 10 largest banks in terms of deposits, only two (Sao Paulo Mercantile Bank and Sudameris) managed to improve profitability. Their advantage was precisely the fact that they increased their loan revenues far more than their volume of doubtful loans.

Both share the same characteristic: they benefit from the migration of funds when there is a crisis of confidence in the financial system—the Sao Paulo Mercantile Bank because of its reputation as a solid and highly capitalized (and, at least until 1994, not very profitable) bank, and Sudameris because it is foreign (it is controlled by the Banca Commerciale Italiana). Those features mean that the cost of attracting funds does not rise when money is fleeing risk.

According to Milton Bardini, executive director of Sudameris, it was possible to increase profits last year because the bank's policy of spreading its risk by lending small amounts to many customers creates a degree of immunity to major loan problems. Last year the Mesbla, Casa Centro, Esca, and Joao Santos firms wreaked havoc on the portfolios of several institutions.

Sudameris also pursued a policy of taking precautions to guard against potential damage. Like other banks (Bradesco, Itau, Unibanco, Real, and the BCN [expansion unknown] among them), it set aside reserves to cover all loans in arrears, not just those in doubt. According to accounting standards, loans in arrears are those that remain unpaid up to 60 days after the due date. At a later stage (generally 180 days after the due date), they become doubtful debts, and reserves need to be set aside to cover them (in other words, they are considered bad debts).

The size of such reserves came to be the critical issue last year because it demonstrated the quality of the banks' portfolios and their vulnerability. According to Alvaro Maia, a bank analyst for the General Trade Brokerage, that is something which differentiated the Banco Nacional from more solid institutions such as Bradesco and Itau. As an example, he points out that if a customer fell behind with one of his financing payments, the Banco Nacional would set up a reserve only for the amount of that payment, whereas prudent banks would treat the entire amount of the financing as a loss.

That kind of difference in the rules for setting up reserves makes it difficult to compare profitability among various banks. Take the case of Bamerindus, the country's fourth-largest bank in terms of deposits and the main target of rumors concerning possible liquidity problems following the intervention in the Banco Economico and the Banco Nacional.

Last year the bank recorded a net profit of 99.7 million reals, giving it a return on capital of 7.5 percent. For an institution caught in the middle of a shootout, that was not bad. The figure for its direct competitors—Itau, Bradesco, Unibanco, and Real—was in the neighborhood of 11 percent. (Unibanco had a return on capital of 7.9 percent as of 31 December, but that was because it had to increase its capital at the end of the year to absorb the Banco Nacional.) When examined in detail, however, the Bamerindus balance sheet reveals another picture.

Last year the bank set aside reserves of 424 million reals in consolidated terms. That was much more than the 74 million reals set aside in the preceding fiscal year. Even so, the balance in reserves recorded under assets as of 31 December (119.2 million reals) was insufficient to cover total loans in arrears, which came to 407.6 million reals. If maximum caution had been adopted, it would have treated those loans as bad debts (which is what more conservative institutions would have done), and the final result would have been a loss.

In commenting on the balance sheet, the chairman of the Bamerindus board of directors, Mauricio Schulman, explained his bank's less conservative stance by the quality of the loans. In any case, the fact is that gambling on the receipt of payment for loans in arrears affects the general quality of a bank's assets. Last year Moody's, the credit rating agency, even lowered Bamerindus' classification for that reason.

The institution's figures also contain other features which need to be analyzed in detail and which lengthen the list of explanations leading Alvaro Maia of the General Trade Brokerage to consider it necessary to evaluate a bank by more than just its reported net operating result. For example, Bamerindus had a profit before taxes of 139.2 million reals and paid only 37.3 million reals in taxes. (Until 1995, the tax on bank profits was 56 percent.) It also showed a profit of 109.6 million due to reinstatement of the PIS [Social Integration Program]. And it posted the securities it

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holds in the Compensation Fund for Salary Variations (FCVS) at their stated value, or about 1.2 billion reals.

The FCVS is being quoted at from 35 to 40 percent of its stated value on the market, but some banks have already abandoned hope of collecting it and have set aside reserves for the full amount, thus clearing it from their assets. That is the case with the BCN, one of the retail banks which maintained high profitability last year (17.1 percent). According to Eduardo Doro, the BCN's director of market relations, the bank's posture is one of maximum conservatism. "We have always had excessive reserves in relation to the potential for asset losses," he explains.

The BCN exemplifies a characteristic which, according to analyst Alvaro Maia, needs to be adopted more widely by the banks: it involves increasing the participation of other firms in the makeup of profits. "The bank has been seeking new ways of generating revenue," says Doro. The equity method of accounting, which includes the Cotia Trading Company's operating results, provided the BCN with 106.4 million reals last year. At Bradesco, whose insurance arm set new records for profitability, the figure was 485 million reals—a lot more than was earned from banking activity (operating profits came to 641 million reals).

Alvaro Maia expects that change to help improve the profitability of the banks this year. His estimate, which is also based on the belief that problem loans will decline, loan operations will increase, and last year's adjustments will yield results, is that profits will be from five to eight percent higher. That would mark a reversal of the trend in 1995, when performance was worse in the second half of the year—much worse in some cases. Boavista, which was the profit champion in 1994 with an extraordinary return on capital of 70 percent, remained the leader last year at 37.7 percent, according the GAZETA MERCANTIL's survey. But the fact is that the bank was hard hit by loan defaults and experienced an operating loss in the second half of the year.

Brazil: Installation of Banking CPI Disputed

96SM0152A Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Mar 96

[Article by Sonia Carneriro: "Sarney Sets Up CPI on Banks" — received via Internet]

[FBIS Translated Text] Brasilia—Technical advisers to the general secretariat of the Presiding Officers of the Senate believe that the CPI [Congressional Investigating Committee] on the banking system could be installed as early as next week, with a majority of seven of its 13 members. This technical opinion was sent to the four parties that plan to appoint representatives—the PMDB [Brazilian Democratic Movement Party] (four), the PPB [Brazilian Progressive Party] (one), the PT [Workers Party] (one), and the PDT [Democratic Labor Party] (one)—and will be sent today to Senate President Senator Jose Sarney (PMDB-Amapa), who will make the final decision.

Fernando Cesar Mesquita, adviser to Sarney, reported that Article 108 of the Senate bylaws authorize committees to function with a quorum of half-plus-one of their membership. "The article says that committees can meet with a majority of their members present," he explained. Meanwhile, the general secretariat of the Presiding Officers is finishing up a survey of all the CPI's ever created by the Senate.

The administration's acting leader in the Senate, Vilson Kleinubing (PFL [Liberal Front Party], Santa Catarina) said, however, that it is impossible for a CPI to be installed when only a majority of its members have been named. "Not only is the request vague and illegal, a CPI cannot operate if it is incomplete," he stated, recalling that the CPI on the Construction Contractors had a majority, and was not set up by Sarney. "I was the first to criticize the mistakes by the Central Bank, but I think we need to be better organized in order to clarify things for the public," said Kleinubing, who intends to play the role of firefighter until Fernando Henrique's return.

Two parties have already named their representatives: The PDT's is Sebastiao Rocha, aka *Bala* [Bullet], who is from Amapa; the PT's man is Eduardo Suplicy (Sao Paulo). The PPB will also designate someone: "Not for 20 cabinet posts would the PPB miss the chance to name the seventh senator on the CPI," the party vice president, Deputy Delfim Netto (Sao Paulo) announced yesterday, after conversations with Sao Paulo Mayor Paulo Maluf and the PPB's leader in the Senate, Epitacio Cafeteira (Maranhao). "The PPB will not be the one to block the CPI," added Cafeteira, but with one proviso: the PPB wants the CPI to meet behind closed doors.

The PFL

By a vote of 17 to four among its 21 senators, the PFL decided not to name representatives to the CPI on the banks, but it did demand that the government set up a high-level investigatory committee within the executive branch to look into instances of fraud in the financial system and the phantom accounts at Banco Nacional. "Let's wait until the president gets back from Japan and see what the Central Bank does," said Hugo Napoleao, of Piaui, the PFL's leader in the Senate.

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"If the administration does not open investigations to punish the frauds perpetrated at Banco Nacional, the PFL will add its voice to the chorus in favor of the CPI," said PFL Senator Julio Campos (Mato Grosso). The committee would be composed of representatives of the Ministry of Finance, the Central Bank, the Ministry of Justice, the Office of the Public Prosecutor—and even legislators—to examine the documents. "If that committee does not amount to anything, then a CPI certainly will be set up," Campos said.

Mobilization in favor of a CPI will make further progress today at a meeting between the senators who signed the petition for its creation and organizations representing the public. Launching a national campaign for installation of a CPI on the banks is the main topic on the agenda. Representatives of the three labor confederations, the OAB [Brazilian Bar Association], the ABI [Brazilian Press Association], the CNBB [National Conference of Brazilian Bishops], the Bank Workers' Union, and the Association of Bank of Brazil Employees have already said they will attend. Union Force will not oppose the CPI on the banks, which will inquire into the mugging of this country. But it has "to have a broad mandate and go after the entire system," that organization's president, Luis Antonio Medeiros, said yesterday.

Brazil: Sarney Moves on Banking CPI's Installation

96SM0153A Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Mar 96

[Received via Internet]

[FBIS Translated Text] Brasilia—Today Senate President Jose Sarney (PMDB [Brazilian Democratic Movement Party], Amapa) begins to take steps to set up the CPI [Congressional Investigating Committee] on the banking system. Three senators say he is determined to see the plan to install the committee through to the very end. In fact, yesterday he was already working on selecting a rapporteur. Senator Jose Fogaca (PMDB-Rio Grande do Sul), who signed the petition to form the CPI, was offered the job but turned it down.

Sarney will decide today whether the CPI should be installed immediately, even without the members from the PFL [Liberal Front Party] and PSDB [Brazilian Social Democracy Party], or whether to await a decision by the Senate's Committee on the Constitution and Justice. His advisers have already written an opinion assuring him that it would be legal to install the committee even if only a majority, seven of its 13 members, have been named.

The political picture became more complicated yesterday because of statements made by Ceara Governor Tasso Jereissati, who is in Tokyo with President Fernando Henrique Cardoso. Jereissati considers setting up the CPI to be irresponsible, and recent statements by Sarney and his followers to be frivolous—all this against the backdrop of the 1998 presidential elections, the upcoming appointments early next year of the next presidents of both the Chamber of Deputies and Senate, and, of course, October's mayoral elections.

Yesterday, progress made on the CPI and reactions to the statements by the Ceara governor affected the proceedings in Congress. On the floor of the Senate, where the PFL was preparing to convince Sarney to retreat, the PFL's own senators joined those in Sarney's group to defend the president of that body. Over in the house, Speaker Luis Eduardo Magalhaes' private office was crowded all day, and the tense atmosphere kept even the new Patent Law from coming to a vote, although it was on the agenda.

Sarney has a trump card up his sleeve with which he can confound the administration even more. The possibility that his group might support a joint CPI on the financial system—a proposal that lacks only three senatorial signatures of the 27 necessary—has not been discarded. In the house, the CPI petition has already won 190 signatures—only 171 were needed.

While at the Brasilia airport, after spending yet another week talking about the crisis only over the phone, Sarney made light of the attacks by Jereissati, who accused him of being "irresponsible" by supporting the banking CPI. "I will not get involved in discussions at this level. If the president says so, or holds the same opinion as (Tasso), then I will respond to the president," he said.

Sarney's positions were revealed in conversations with his advisers and with other senators throughout the day. "They want to appoint me leader of the opposition, but I am not going to take Lula's place away from him," he said, according to his spokesman Fernando Cesar Mesquita. In the same conversation, he insisted: "I am not going to answer Tasso, so as not to bother him during his negotiations on the purchase of the Coca-Cola factory, which is part of the embargoed assets of Angelo Calmon de Sa, former owner of Banco Economico."

Sarney said he was irritated with the persistence with which leaders associated with President Fernando Henrique are accusing him of not helping the administration, and he thinks they may reflect the president's views. In Sarney's mind, the fact that Jereissati is a member of the president's entourage and expressed his criticisms from foreign shores means he may be acting as the president's "alter ego" [preceding two words in English]. "If they want, I could go over to the opposition," Sarney said. "They do not know what I am like when I am in the

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opposition," he added, during another phone conversation.

"My father is very tolerant, but when he gets angry...," commented Deputy Sarney Filho (PFL-Maranhao). "I am not chicken," the former president said in an outburst to Sarney Filho, one of the people he talked to during the day. "Why do they insist I am not helping the administration, when I have cooperated so much?" He also complained about the "injustices" he has experienced at the hands of the press. "I am at the end of my rope," he exclaimed.

To please Senate President Jose Sarney, accused of planning the CPI, the speaker of the house named Deputy Sarney Filho, aka Zequinha, to the chairmanship of the most important congressional technical committee, the Joint Committee on the Budget.

In Tokyo, President Fernando Henrique Cardoso refused to acknowledge anything. At no time did he mention Sarney's name, and to insistent questions from Brazilian reporters would say only: "I do not want to talk about these matters (the controversy sparked by the creation of the CPI) since they are really minor issues."

In the afternoon, ACM [Antonio Carlos Magalhaes] made an impassioned speech in Sarney's defense on the floor of the Senate. "It is utterly disgraceful that some people want to censure the president of this body for the existence of a petition and the fact that he approved it." According to the Bahian senator, Sarney was doing his job. "There is no use sending these targeted political messages; all he did was comply with the bylaws and so he should not be the only target of the administration and the politicians."

Besides the *tucano* Ceara governor, another head of a state government, Governor Antonio Britto of Rio Grande do Sul (PMDB), also came to the president's defense. While making it clear that he favors the creation of the CPI on the financial system "provided there are actual facts to investigate and that the CPI does not become a circus or get politicized," Britto said "the Fernando Henrique administration is not fated always to win or always to lose. I do not think the Fernando Henrique government is so politically solid that every vote becomes a sure thing, or so bad that it will always be defeated."

The Rio Grande do Sul governor resorted to samba-school imagery to explain why, in his view, the administration suffered two defeats in recent days (besides the banking CPI, in the Senate, the defeat of Rapporteur Euler Ribeiro's opinion in the Chamber of Deputies). "The 'United in Hope for Social Security' (the administration's proposed reform) samba school did not have a good story line. The percussionists were out of step, and there were quarrels among the rank-and-file dancers and the drum majors. But this was not a structural mistake by Dr. Fernando Henrique's samba school. Pretty soon, if they adopt a different story line, or even an improved version of the same one, they will practice and get better."

Former President, now ambassador to Portugal, Itamar Franco, thought to be one of the conspirators because of the 1998 presidential race, took a powder. "No intrigue will separate me from Fernando Henrique," Itamar said. "I left in his hands a tested and proven program that I started. I am not jealous."

Fernando Henrique's [FH] Allies

- Tasso Jereissati: The Ceara governor was chosen to convey Fernando Henrique's opinion on the banking CPI and the maneuvers it provoked. He called Sarney irresponsible and frivolous.
- Jose Serra: FH's candidate for mayor of Sao Paulo, the planning minister insists the CPI will not worry foreign investors interested in investing in Brazil, but denounced it as inopportune.
- Sergio Motta: The communications minister is the man assigned to deal with the hardball tactics of the opponents. FH undermined Motta's candidacy for mayor of Sao Paulo by saying he could not spare him in the government. Motta says he is ready for the fight.
- Michel Temer: Sarney's colleague in the PMDB, he was chosen to rescue the Social Security reform, which represented Fernando Henrique's first major political defeat.
- Pele: The minister of sports planned to denounce the banking CPI in Congress, but ended up adding fuel to the fire when he advocated an investigation into fraud at the Nacional and Economico banks by a "people's" CPI.
- Roseana Sarney: She supports the idea of re-election, which would favor Fernando Henrique. But Sarney is counting on his daughter to form a ticket with Itamar Franco in the race for Planalto Palace.

Sarney's Troops

- Jose Sarney: The architect of the banking CPI, he promises to go the whole nine yards to get it installed in the Congress. His main objective

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is to undermine FH's prospects for re-election and run a PMDB candidate. He has become the administration's prime target.

- Itamar Franco: He recently met with Sarney in Portugal. He is mentioned as a candidate to succeed FH, on a ticket with Roseana Sarney. Speaking from Portugal, he said he is not betraying FH, but does not shrink from commenting on what he would think of a woman as vice president.

- Gilberto Mirnada: Chairman of the Senate's Economic Affairs Committee, he wants to require Central Bank directors to testify and is demanding that the committee look into the agreement between the Central Bank and Banespa [Sao Paulo State Bank], a way of attacking the Sao Paulo PSDB. He owns at least 12 companies in the Free Trade Zone and is accused of benefiting from tax incentives, which legislators are forbidden to do.

- Ernandes Amorim: A defendant in at least 29 criminal proceedings in Rondonia, the PMDB senator has become one of Sarney's shield-bearers in his confrontation with the administration.

- Paulo Maluf: He favors the banking CPI, but does not want its investigations restricted to the FH administration. He promises the PPB [Brazilian Progressive Party] will name a representative for the installation of the CPI in the Senate. It had been suspected that the party would back the administration in exchange for a cabinet post.

- Antonio Carlos Magalhaes: He did not sign the list that created the banking CPI, but came out in defense of Jose Sarney. In ACM's opinion, Sarney should not be held responsible for creating the CPI.

- Paes de Andrade: The president of the PMDB attended meetings with Euler Ribeiro, rapporteur of the Social Security amendment, but ended up voting against it. Fernando Henrique wants to send him to Siberia. He is a candidate for speaker of the house.

- PMDB: Part of the government's foundation of support, this party holds the ministries of transportation and of justice, and its members serve as the administration's leaders in the house and in the Congress. He may be penalized for disloyalty, since 38 of his deputies helped defeat the Social Security amendment and nine of his senators signed the list in favor of establishing the CPI.

Chile

Chile: Insulza Comments on With Helms-Burton Law

PY1903021696 Santiago EL MERCURIO in Spanish 16 Mar 96 pp A1, A28

[FBIS Translated Excerpt] The Chilean Government said that it will not allow the interest of Chilean businessmen who invested abroad to be affected by any law that is not from those countries or international agreements signed by Chile. [passage omitted]

Minister Insulza, who met in the Foreign Ministry with visiting Cuban Deputy Foreign Minister Jorge Bolanos, reaffirmed his dissatisfaction with the Helms-Burton Law, which he considered terribly harmful for free trade and a form of intervention in the economic relations between third countries.

Insulza said: "The fact that a Chilean businessmen could be sued by a U.S. court for investing in a third country seems to us improper from the viewpoint of international law."

Regarding the measures to be implemented by the Chilean Government to protect Chilean investments in Cuba, Insulza said: "We will resort to all the legal means offered by international law beginning with the WTO."

He added that the legal department of the Foreign Ministry is studying the situation of the Chilean businessmen who may be affected on a case-by-case basis. [passage omitted]

Insulza also expressed concern for the permanent ups and downs of U.S.-Cuban relations: When relations seem to improve, tensions appear and relations deteriorate. He said: "It is time to ask if after 37 years of tension, the policy should be changed."

Cuban Deputy Foreign Minister Bolanos said that as soon as this law goes into affect, Cuban diplomacy will take the necessary steps to take this case to all related international organizations.

Bolanos added: "We have an international legal mechanism to appeal to. We have many ways and Cuba has always been a country of international initiatives. We are founders of the GATT, we have the International Court of Justice, and our bilateral diplomacy with the various countries with which we have political and commercial relations." [passage omitted]

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Chile: Daily Evaluates Visits by Christopher, Perry

PY1803223896 Santiago EL MERCURIO in Spanish 18 Mar 96 p A3

[Editorial: "Relations With the United States"]

[FBIS Translated text] Two U.S. Government spokesmen recently paid a visit to the country: the U.S. secretary of state and the U.S. defense secretary. The presence of the cabinet members of the Clinton administration demonstrates that there are normal relations between the two countries. But skepticism prevails about their visits. The doubts come from the rhetoric and the traditional lack of U.S. interest for the countries of the region. The exaggerated expectations about international cooperation and the frustrations related to problems and pending trade agreements are a contribution to discouragement.

Realism and diversification are necessary in diplomacy. To do that it is necessary to avoid mixing up the internal actions of each country and to prevent the concentration in a single state, no matter how important.

Each government has its own specific tasks that go beyond its links with any other government. The main tasks are the eradication of poverty; promotion of public ethics; modernization of the state; improvement of education, health, and infrastructure; and in general the removal of obstacles to well-being and production. These tasks are the responsibility of national governments and require only minimal foreign aid. At the same time, Chilean exports are adequately distributed among the many markets, as only one-fourth of them are sold in the United States, and there are many links with the community of nations.

The fact that democracy and the market economy prevail in the continent, except Cuba, has created an unusual basis for relations with the first world power. Now that ideological conflicts have been overcome, globalization demands greater trade for the benefit of international relations. Therefore, free trade stands above donations and financial aid. Mutual cooperation depends on the elimination of artificial obstacles that obstruct trade, which is necessary for the release of the necessary creating forces to strengthen and share well-being. But the speeches of support and the phrases of encouragement, in addition to hardly hiding the traditional effort of interference in internal affairs, are useless and many times create self-defeating effects, including obedience. Also, the facts have shown the failure of some of the mechanisms of official cooperation because the truth is that only the governments can overcome their own problems, and to do this it is necessary to have the imposed artificial obstacles removed.

The visit of the U.S. secretaries can be the starting point to put an end to the bilateral problems of many years and to start a new stage of understanding. The pending issues include the compensation for the fruit embargo, the reciprocal reduction of obstacles to trade, the elimination of visas, the annulment of restrictions on the purchase of airplanes for the Air Force, and closer professional relations between the two Armed Forces.

Due to the hemispheric and internal situation, the U.S. defense policy toward Chile should be reviewed. This review is also necessary to strengthen the measures for supporting trade and for overcoming the problems of the past.

Chile: Producers Term Mercosur 'Disaster' for Agriculture

PY1903031996 Santiago EL MERCURIO in Spanish 15 Mar 96 pp B1, B7

[FBIS Translated Excerpt] "This is a catastrophe. A date has been set for the death of national agriculture. The way rural and regional development is being affected is a disaster. All producers of agricultural products, large, medium, and small farms, will be affected by the government decision."

This is how Ernesto Correa, president of the National Agricultural Association (SNA), reacted upon learning that the Chilean Government decided to negotiate the agricultural products with Mercosur [Common Market of the South].

Economy Minister Alvaro Garcia yesterday confirmed this information by pointing out that the elimination of tariffs on agricultural products will occur during an 18-year period. This is strongly opposed by the SNA and Agriculture Minister Emiliano Ortega.

The SNA asked government officials several times to keep the traditional agricultural products and beef on the list of exemptions "forever." [passage omitted]

Chile: Contingent To Join UN Peacekeeping Force in Iraq

PY1803154096 Madrid EFE in Spanish 2034 GMT 15 Mar 96

[FBIS Translated Text] Santiago, 15 Mar (EFE) — Chilean Defense Minister Edmundo Perez Yoma on 15 March confirmed the decision to send a Chilean Air Force [FACh] contingent to Iraq to join the UN peacekeeping mission.

Commenting on this mission Perez Yoma said: "Chilean pilots will transport UN experts." This is one of the four missions the United Nations has asked Chile to join.

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Chile became a nonpermanent UN Security Council member as of 1 January.

Chilean defense officials are still discussing the UN proposal to send troops to Angola, Guatemala, and Yugoslavia.

Perez Yoma noted that in the case of Iraq, the experts who will be assisted by the FACh "are trying to find chemical and nuclear weapons there."

The commanders in chief of the Armed Forces approved the sending of the mission a week ago. It will consist of five helicopters and some 50 troops.

Estimates circulating in Santiago state the cost of the operation could be as much as $5 million.

This is the second time a Chilean military contingent will join a UN peacekeeping force in that region. Shortly after the end of the Gulf War in 1991, a group of helicopters remained in Kuwait for 18 months.

Chilean military officers also participated in UN missions in Cambodia, Central America, and on the border between India and Pakistan.

Chile: RN Senators Voice Position on Constitutional Reforms

PY1803191996 Santiago EL MERCURIO in Spanish 15 Mar 96 p C3

[FBIS Translated Excerpt] The seven "hardliners" or antireformist senators of the National Renewal Party [RN] have sent a letter to the RN leadership conveying their decision to reject the idea of legislating on the constitutional reforms being debated in Congress.

They also expressed their will to try to reach agreement on the RN position, and even to analyze with other center-rightist parties, mainly the Independent Democratic Union, the topics proposed by the executive branch: These include the designated senators, the Constitutional Tribunal, and the National Security Council.

Some RN sectors admitted that this complicates even more the situation within the RN because it reverts the position proposed by the leadership when it took steps to convince the majority of its congressmen to accept the decisions by the Temuco General Council. A majority of 60 percent of the Temuco General Council voted for the constitutional reforms. [passage omitted]

Senators Sergio Romero, Francisco Prat, Mario Rios, Enrique Larre, Bruno Siebert, Alberto Cooper, and Julio Lagos in the past few hours voiced disagreement because the RN did not prevent the Senate Constitution, Legislation, & Justice Commission from submitting the bill for vote next week while a reply from this congressional group was pending. [passage omitted]

Chile: Editorial Views UN Human Rights Report

96SM0125A Santiago EL MERCURIO in Spanish 13 Feb 96 p A3

[Editorial: "The Rapporteur's Report"]

[FBIS Translated Text] The special UN rapporteur on human rights, Nigel S. Rodley, reported in Geneva that serious incidents of torture have occurred in Chile. He put the blame for these cases on certain judges, the uniformed police, and inadequate legislation. The international official—who visited Chile last August—said he had received 22 replies from the government in response to a total of 46 complaints filed between 1992 and 1995. In his report he recommended that the Chilean Carabineros be placed under the Interior Ministry and be subject to the jurisdiction of civil law.

The aforementioned report—of 40 pages—was delivered to the Chilean representatives on the UN Human Rights Commission in Geneva, but only a part of its contents have become known to the public. After the report was studied by the government's Intergovernmental Political Committee, the reactions to the report did not differ greatly from the reactions to similar cases in previous decades. Those persons who today maintain that the incidents disclosed by Rodley are the exclusive responsibility of the persons who commit them are the same ones who used to put the blame on the government then in power. And although the criminal code imposes the punishment on the individual who commits the crime, the Rodley report generalizes its accusations to include the Carabineros and judges.

The deputy ministers of the interior and foreign relations have welcomed the fact that the Rodley report is the best opinion that has been issued concerning Chile, because the report acknowledges that torture has been eliminated as a systematized practice. The former criticized the report for disregarding the existence of a bill pending in Congress concerning the rights to which persons under arrest are entitled; the latter rejected the recommendations concerning the subordinate status of the Carabineros, arguing that these recommendations go beyond the scope of the the rapporteur's competence. For her part, the minister of justice pointed out that measures had been adopted to prevent occurrences such as those contained in the report and requested that the relevant accusations be made more specific.

The government's response was less drastic than that of the concerned institutions. The Carabinero command deplored the "imprecise and unfounded" allegations in the report that do not take into account the procedure followed by its command when specific, isolated situations arise that are of an illegal nature. The president

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of the Supreme Court discounted the report on the basis that it ignores Chilean reality in this area, and asked that the accusations against the judges be made appropriately specific rather than be limited to vague and exaggerated references.

Inasmuch as this report will be officially made public while the Commission is in session next month, the Foreign Ministry has sufficient time to report on the actual performance of the courts and the Carabineros during 1995 in this area. Not to respond with concrete facts would amount to endorsing the accusations and ultimately compromising the prestige of the government itself.

Chile: Doctors Protest Isapres Policies

96SM0125B Santiago EL MERCURIO in Spanish 17 Feb 96 pp C1, C6

[FBIS Translated Text] "Pressure and financial abuse" on the part of the Isapres [Institutes of Public Health and Preventive Medicine] were alleged yesterday by the Santiago Regional Council of the Medical School, based on that organization's study of prices and projections which revealed that the health plans will be unsustainable over the long term because these health insurance institutions, by law, have no ceiling on the annual readjustment of their prices.

According to Dr. Pablo Araya, vice president of the professional association, the price increases in the health plans—expressed in UF's—come to approximately 300 percent in some cases, in order to avoid having to return surpluses to the members.

The new Isapres law—which went into effect last 1 August—authorizes, among other things, the opening of checking accounts for those of its members who generate these surpluses. In the coming months, the Supreme Court should decide from what date these funds are accumulated.

The increase predicted by the head of the Regional Council of the Medical School would amount to 500 percent if one sector of the Isapres applies a system of tables that provide for readjustments according to the gender, age, and legal category of the charges. These indicators are taken into account in determining the risk factor that a member and his or her beneficiaries represent for an Isapre.

These assertions were rejected decisively by Rafael Caviedes, executive secretary of the Association of Isapres, who called them "a macabre joke" and maintained that they are based on "absurd mathematical calculations."

The superintendent of Isapres, Maria Elena Etcheberry, also joined in the discussion yesterday by acknowledging that the problem does exist and that it will be tackled in the context of the overall reform of the health care system that is being promoted by Minister of Health Carlos Massad.

At the present time there are 30 Isapres in the nation. They provide 40 million services annually and have a membership that represents 27 percent of the nation's population, of which approximately 4 percent are over 60 years of age.

Dr. Pablo Araya explained that the risk factor increases as one grows older. In the case of children, the risk factor increases at 18 years of age, especially in the case of women, who are then regarded as being of childbearing age.

Dr. Araya further explained that the risk factor may be considered as 1 for a man of between 35 and 44 years of age, whereas for someone older than 75 the factor rises to 4.5. It is then multiplied by the annual Isapres readjustment, which is reflected in an increase in the payments made by the members, with the result that an elderly person eventually cannot afford to remain within the Isapres system and is forced to return to the public health system, or Fonasa [National Health Fund].

The problem was illustrated in the example of a 35-year-old man—married, with two children—who today pays 85,000 pesos per month to belong to a plan. Based on an annual readjustment of 7 percent by the Isapre, he would have to pay about 300,000 pesos per month when he reaches 50 years of age. His payments would increase to 1.16 million pesos per month when he retires—even though his children would no longer be covered—and would be in excess of 3 million at age 75. All these figures are based on an annual increase of 7 percent by the Isapre.

Dr. Araya pointed out that the figure of 7 percent is the actual figure used by one of the largest health care institutions.

Legality

The board of directors of the Regional Council called on the Isapres to deliver to each of their policyholders a statement of the projected future costs of their plans. It also urged the government authorities to study the legality of the procedures and profit margins of the system, and also to introduce such changes in the law as are necessary in order to protect their policyholders from "abuse." The possibility of instituting price brackets—with minimum and maximum prices—was not ruled out.

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The board suggested to Isapres subscribers that they not sign any documents without obtaining legal advice, and urged them to send letters to the Isapres—and to the Superintendency that oversees them—expressing their opposition to the changes in the health plans, inasmuch as the law construes as acceptance the failure of a policyholder to reject the adjustments in writing.

The board described the actions taken by the Isapres as "oligopolistic" and emphasized that their aim is to ensure maximum profitability. As a result, it said, the individual policyholders "are completely unprotected."

The board argued that a person in a group plan—for example, a company plan—can protect himself for the time being, "but when he retires he must go—alone and elderly—to negotiate with an Isapre, where an individual insurance rate table will be applied to him and where he will need a lot of money in order to choose a plan similar to the one he had during his active life." That is why, it explained, medium- and low-income persons will inevitably remain outside the system.

The data compiled by the Regional Council will be delivered officially to the Superintendency of Isapres, the congressional committees on health, and Health Minister Massad between next Monday and Wednesday [19-21 February].

Prices and the Market

For his part, the president [as published] of the Association of Isapres, Rafael Caviedes, maintained that the market regulates the prices of the health plans in a natural manner. He said it is impossible to predict prices 40 years in advance, because technology, the epidemiological profile of the population, and the fees charged by physicians will have changed during that period. He accordingly expressed the belief that the "futurology" of the directors of the Santiago Regional Council of the Medical Association has no basis in logic and is useless.

In Caviedes' opinion, the rates of the health plans have remained virtually unchanged over the past 15 years, except for the readjustments of the IPC [expansion not given]. He emphasized that he has received no reports of increases such as those alluded to by the Regional Medical Association.

He declared, however, that the increases recorded in some of the Isapres institutions are due to the costs that are calculated to have been caused by the application of the new law.

With respect to the absence of ceilings in the rate readjustment law, Caviedes said that such ceilings are illogical—as in the case of any product—and that if they are applied to the Isapres they should also apply to the fees charged by the physicians for their visits, inasmuch as it is the physicians who are the providers for the private health institutions.

Price brackets would make no sense, he said, given the intense competition in the health care field—a factor that causes the market to operate in a natural manner. He explained that the readjustments are not made every year, and that "what is important for an Isapre is what is important for its members," for otherwise the members will withdraw from the plan.

In conclusion, Caviedes did not rule out the possibility of taking legal action for defamation of the organization he heads, which in his opinion was committed by the Regional Medical Association when it spoke of "financial abuses."

Evaluating Projections

Isapres Superintendent Maria Elena Etcheberry acknowledged that there is a problem in this regard, although she indicated that the published projections should be evaluated.

She said that although a "price bracket," as such, has not been discussed, it is an option worth studying, adding that there has been dialogue with the Isapres concerning the parameters for prices, because absolute freedom in this aspect does not provide stability for their policyholders.

She declared that if the elderly have not yet returned to the public system, it is only because the initial members of the Isapres belonged to the uppermost socioeconomic segment of the population and are accordingly still able to pay their premiums.

She emphasized that the concern in this regard is for the future, inasmuch as that these members believe that someone who has paid premiums in the private system all his or her life should not have to transfer to the public sector.

"It is unfair not only to these individuals," she pointed out, "but also to the state, which would have to receive them at the time they are generating the most expenses," whereas during their healthiest years they had been paying other institutions for their insurance.

"It is unthinkable for a health care system to be entrusted entirely to the free market," she continued, adding that this is all the more true because of the health insurance structure in which the Isapres operate. Regulation is therefore imperative, she emphasized.

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Colombia

Colombia: Serpa on Summons To Appear Before Prosecutors

PA1803134296 Santa Fe de Bogota EL TIEMPO in Spanish 16 Mar 96

[Received via Internet]

[FBIS Translated Text] The decision on whether Interior Minister Horacio Serpa Uribe will remain in his office or will resign is to be adopted once the Cabinet and President Samper evaluate the terms of a summons delivered to three government ministers by a group of prosecutors who were delegated by the Supreme Court of Justice.

Serpa said yesterday that the fate of the country must be placed ahead of personal interests.

He said that if he were to notice that he is beginning to neglect his duties, he would take measures to remedy this situation.

He noted: "For a year and a half, I have not neglected my work for one single minute. I have worked up to 15 and 18 hours daily each week trying to fully comply with my obligations. If I find that I cannot fulfill my duties, I will leave."

Speaking to approximately 20 journalists, the minister said he is at the disposal of the authorities and that he has the highest opinion of Colombia's justice. He noted: "I believe in our judges, who are most honest."

Serpa said that during his 30 years in public life he has maintained "an irreproachable behavior" and that he is "absolutely certain" that his case will be dealt with in a just and impartial way in line with the law and in the framework of investigations and a trial.

He said that 27 March, when he appears before the group of prosecutors, will be "a wonderful occasion for responding to the charges that have been filed." He stated: "This is a way to stop speculations."

Serpa cautioned: "No one can think that I or the government will engage in any kind of maneuver to influence the administration of justice."

He explained that this is not in line with the good behavior citizens must demonstrate, especially those who are public officials.

Serpa received the newsmen wearing a vest and a tie and appeared calm during the news conference, which lasted 30 minutes.

Serpa defended ministers Rodrigo Pardo and Juan Manuel Turbay, and President Samper, who have all been summoned.

Serpa said his loyalty to the chief of state is 100 percent and that their friendship of many years allows him to affirm that Samper is an honest person.

Serpa added that as chief of debates, on two occasions, of Samper's campaign, he does not plan to deny his role as a key witness in the campaign.

He explained: "I was an important person in that campaign. I did not manage financial activities. That was not my assignment. I worked so that the Colombians would back Ernesto Samper with their votes."

Regarding his colleagues involved in the same casse, the interior minister said they are "very honest people who have been working devotedly for the country and I do not see them involved in any wrongdoing."

Regarding former minister Fernando Botero, Serpa said he was saddened to hear his accusations against the government and himself. "This is how life goes," he said.

Colombia: Ministers Not To Discuss Cases Publicly

PA1703150496 Santa Fe de Bogota EL TIEMPO in Spanish 16 Mar 96

[Received via Internet]

[FBIS Translated Text] This is the pronouncement made yesterday by Interior Minister Horacio Serpa Uribe, Foreign Relations Minister Rodrigo Pardo, and Communications Minister Juan Manuel Turbay, after being summoned to testify by the Prosecutor's Unit to the Supreme Court of Justice.

1. The ministers of interior, communications, and foreign relations confirm that we were summoned today by the Prosecutor's Unit to the Supreme Court of Justice to testify in connection with the past electoral campaign.

2. We reiterate, as we stated in a press release on 19 February, our respect for the authorities dealing with the case, and therefore, our resolve to cooperate with justice in order to promptly get to the truth.

3. In observance of the proper confidentiality of the case, we shall abstain from discussing in public the charges made against us.

[Signed] Interior Minister Horacio Serpa Uribe

Foreign Relations Minister Rodrigo Pardo Garcia-Pena

Communications Minister Juan Manuel Turbay Marulanda

The Government Speaks

The national government, in turn, yesterday issued a press release reiterating the ministers' resolve to

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cooperate at all times with the investigations by the judicial authorities.

The text states that the president knows his assistants' records and for this reason "does not hesitate to express his absolute belief that the ministers will demonstrate their total innocence in the cases that are being opened."

This is the text released by the Narino Palace press secretariat:

The national government, regarding the information on which the Prosecutor General's Office of the Republic has decided to question the ministers of the interior, foreign relations, and communications, states that as the president himself has demonstrated, the government's unalterable decision is maintained that all its officials must cooperate with Colombian justice when requested to do so.

"The president has known for several years about the unblemished record of his assistants and guarantees to the public that their service record is the best guarantee of their conduct. For this same reason, the president does not hesitate to express his absolute belief that, in the cases that are being opened, the ministers will demonstrate their total innocence.

Colombia: Pardo Views Questioning by Prosecutor

PA1803191096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 18 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo Garcia-Pena described the possible infiltration of drug trafficking money into President Ernesto Samper Pizano's campaign as being tragic. In a wide-ranging interview granted to RCN [Radio Cadena Nacional], the foreign relations minister said that if this possibility had been discussed at the time, it would have been immediately rejected. There is still much to learn about the truth of the campaign.

The people who worked on it with an idealistic motivation are the first ones who want to know that truth. I consider myself personally betrayed by those who acted differently from what we had agreed upon, Pardo Garcia-Pena said.

Regarding his possible resignation, the foreign minister said that he has thought of this alternative and has discussed it with President Samper. However, I do not want to send signals that could be understood as admitting guilt I do not have.

The decision of the Prosecutor General's Office to open a penal investigation against me cannot be used by the president's enemies to claim a triumph against him, the official said.

Pardo Garcia-Pena warned that this situation creates new difficulties in Colombia's international relations. This process has generated an image that is highly unfavorable to the country, as it appears as a narco-democracy, when paradoxically it should demonstrate the contrary, due to the investigations under way and government actions when facing up to drug trafficking, the foreign relations minister said.

Colombia: Serpa To Give Depositions, Defends Samper

PA1803192896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1800 GMT 18 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Interior Minister Horacio Serpa Uribe today said that [words indistinct] the transfer of command to the new commander of the military forces. He is ready for anything when the time to give depositions at the Supreme Court of Justice comes. He pointed out that he has not thought [words indistinct].

[Begin recording] [Serpa] [Passage indistinct] the situation is very complex [words indistinct] all efforts [words indistinct] the country's interests.

[Unidentified reporter] Minister, with due respect, there are people saying that if the government minister falls, the president will suffer the same fate.

[Serpa] [words indistinct] people who say that. It is a rumor; the president of the Republic does not depend on the presence of any government official. First, he has the credentials the people gave him, and, second, he is in charge of a very important post. He is [words indistinct] education that guarantees the exercise of his executive work.

[Reporter] [Words indistinct] depositions to make a decision [words indistinct].

[Serpa] No, because [words indistinct] we have analyzed the circumstances [words indistinct].

[Reporter] Minister, [words indistinct] in your favor?

[Serpa] I do not know. I will go there to answer the Prosecutor General's Office's questions with a great deal of responsibility, seriousness, and respect.

[Reporter] Minister, [words indistinct] the decision he made, the prosecutor general is politicizing Case 8000. Is this your opinion or what is your opinion?

[Serpa] No, I do not have any opinion on this issue. [end recording]

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Colombia: Medina's Statements on Samper Reported

PA1803224696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 18 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Santiago Medina, former treasurer of the "Samper for President" campaign, has revealed to the Congress' Accusations Committee that then-candidate Ernesto Samper ordered that cash payments for millions be made with drug-trafficking money. Samper was also given resources which Medina does not know how were invested.

RCN obtained the full text of the declaration Santiago Medina read in his residence, where he is under house arrest, before Investigating Congressman Heyne Mogollon.

On direct orders from President Samper the following payments were made: 1 million pesos for the preparation of a vallenato [Colombian country music] entitled "Samper President"; 5 million pesos for transportation expenses for the first elections round in Huila Department; and 2.5 million to help the campaign in Venezuela, Santiago Medina reported.

Medina said that Samper paid 6 million cash to cover the deficit of the first elections round in Bogota; 2 million pesos were sent to Senator Piedad Cordoba, in Antioquia Department; 15 million delivered to (Eduardo Mezo) to manage the political campaign in Santander; and 25 million pesos delivered upon request from Medina directly by the candidate on the eve of the second elections round.

These orders were given personally by Samper since many persons requested assistance directly to him, Santiago Medina said before the Accusations Committee. He added: Then he would call me to his office and ask me to make these payments. He knew perfectly well that we were making, whenever possible, cash payments since officially the campaign could not issue one single check, Santiago Medina said.

Medina said that he met Victor Patino at the campaign office, at the end of the first elections round, following a meeting in the office of then debates chief, Interior Minister Horacio Serpa Uribe. Victor Patino was accompanied by Londono, a drug trafficker who was presented to him as the Valle del Cauca main owner of a shrimp company in Tumaco, Medina told Heyne Mogollon.

Medina confirmed that Victor Patino attended a dinner at the Plaza Medina Hotel to collect funds for the last leg of the presidential campaign, but denied that Patino paid his bill.

Medina affirmed that significant donations were received from Ignacio Londono and that no money was received from a check issued by Victor Patino. Medina told Mogollon that the ticket he used for the dinner at the Plaza Medina Hotel was paid by Ignacio Londono.

Medina added: I want to report that at that time neither I nor any person of the campaign knew that Patino was a wanted man. He was not listed as a member of the Cali cartel and his pictures had not been on television.

In the document, Medina insisted that former Defense Minister Fernando Botero and then candidate Ernesto Samper knew that Cali cartel money was being used. Medina said that Botero went as far as to order him to destroy some documents. He noted: When the narcocassettes case became public I was ordered by Fernando Botero to make disappear everything having to do with cash money.

This is in the receipts and other records I have sent to the Prosecutor's Office, Santiago Medina told Mogollon.

This means that Santiago Medina has accused Fernando Botero of ordering the destruction of key campaign documents.

Medina explained: Not only Botero and the presidential campaign knew of the work done with members of the Cali cartel. There is no explanation for them remaining so calm knowing that the campaign treasury was empty and that the campaign had a deficit for the second elections round, which is the most expensive one.

Medina revealed there is a discredit campaign against the witnesses of the Case 8000. He said to the Accusations Committee: With basis on a discredit plan against witnesses in this case, a cassette was prepared and I appear as saying that the papers I was presenting to the Prosecutor General's Office though Armando Sarmiento, were delivered to me by that office so that I would make them public, Medina told Heyne Mogollon. Medina noted: that cassette was very poorly made. The on and off switching of a voice that by the way is not mine is easily detectable, Medina told the committee according to the document secured by RCN.

Colombia: Political Editor Views Samper's Situation

PA1703220296 Santa Fe de Bogota EL TIEMPO in Spanish 17 Mar 96

[Commentary by EL TIEMPO political editor Jesus Ortiz Nieves: "Is Samper's Guard Crumbling?" — received via Internet]

[FBIS Translated Text] There is a controversy over whether the Prosecutor General's Office is politically

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motivated. Government Minister Horacio Serpa's eventual arrest could lead to a "head-on clash of trains" between institutions, a government analyst has warned.

When it was thought that all cards in the political crisis had been played and that only the outcome remained, Prosecutor General Alfonso Valdivieso pulled out an ace: Summoning Serpa, Foreign Minister Rodrigo Pardo, and Communications Minister Juan Manuel Turbay to testify.

This is a double blow because, after all, this was Samper's pretorian guard during the campaign and continues to be during the presidential term. Maybe the only guard left Samper, then, is Fernando Botero, the rightists' representative in Samper's scheme who not only was arrested but ended up accusing him.

For this reason, summoning Serpa, the leftists' component in Samper's scheme, is a crippling political blow to Samper. And, if Serpa is arrested, Samper "would have no choice but to step down," as Conservative Senator Fabio Valencia Cossio said.

Although the other two ministers are very important in Samper's staff, they are not so much in the people's eyes. To be more precise, in the view of public opinion polls, because Pardo's summons and, to a considerable extent, that of Turbay, must have fallen like cold water on the so-called upper strata. Andres Pastrana himself said during the campaign that he wished he could have had two of Samper's people. One of them was Pardo.

As for Serpa, he evidently holds no power over the country's most influential sectors, but he is very much appreciated in popular neighborhoods. "From the 72d Street down," a government opponent said yesterday. Serpa is also popular in "warm climates," which is more than half the country.

With an Unpredictable Course

Well, these were the first political ponderings of some Samper followers, "conspirators," and what is now called "critical strip," whose members agree with the arguments of both sides and give themselves the luxury of changing their opinions according to the political crisis' unpredictable course.

What Is the Prosecutor General's Office After?

"Serpa's head," a "conspirator" replied imperturbably yesterday.

From a judicial viewpoint, maybe the one least taken into consideration in all this imbroglio, the interior minister, is the one whom there could be more arguments against. For instance, a flight with 15 million pesos to San Andres aboard a light plane owned by "the wily little blonde" and the charge that he distributed cash in the regions in an operation that Botero described as "oiling the machinery."

Nevertheless, these charges can be legally blocked. In itself, loading cash aboard a light plane means nothing, and to do so on a light plane owned by a person said to have had ties with drug traffickers could be portrayed as part of the deception of which, according to the government, the campaign was a victim because of Santiago Medina.

Anyway, these are but simple speculations because the text of the summons calling the ministers to testify has not been released.

The Political Boomerang

If, as some "conspirators" and Samper followers said yesterday, the Prosecutor General's Office ends up issuing an arrest warrant against Serpa, "it would only be necessary to hope the charges are judicially sound and foolproof."

A popular minister who ends up in prison and is released after six months because the evidence against him could not stand up "is a president-elect," several "conspirators" agreed yesterday.

The possibility of Serpa accusing the president, as Botero did, is virtually nil. The difference between Serpa and Botero has always been great. Serpa, a man of strong character, has always been Samper's friend, even before they cooperated in politics. "Serpa is loyalty," Samper said yesterday.

The possibility of a lack of judicial soundness in the charges against Serpa and the other ministers has strengthened some Congressmen's conviction that the country has a Prosecutor General's Office moved by a political purpose, in other words, to overthrow the president.

One Liberal congressman wondered: If the questioning was so important to clarify the process, why did the Prosecutor General's Office set the date for late in the month rather than, for instance, next Monday or Tuesday?

This congressman answered his own question with two possibilities: The Prosecutor General's Office seeks either to assess the impact on the public of the decision, or to hit the trial against Samper in progress in the Congress.

Pardo, in his statement Friday, hinted at subtle things against the Prosecutor General's Office. For instance, Pardo said he hoped the Office would act "with a cool head, unbiased, and strictly according to law." Also, he

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reported his surprise over the report that he had offered to give a free and spontaneous version of Botero's charges against him. Yesterday, the Prosecutor General said the summons was a decision that the prosecutors' commission regarded as appropriate before the Court.

Anyway, the country now has a foreign minister of undetermined legal status who had to cancel the trip to Europe he was scheduled to start today. Colombia is now experiencing one of its worst moments in international relations.

Meanwhile, the possibility of ministers temporarily stepping down from their positions is not provided for by the law, although it has been discussed. If the questioning leads to an arrest, it is obvious that the president will have to dismiss them. But putting them in prison would be "a very serious decision," as a government analyst pointed out yesterday, a decision that could lead to what has been described as a "head-on clash of trains" between the Prosecutor General's Office and the Presidential Palace, with the Congress sandwiched between the two. This would be constitutional chaos that would be corrected only by the use of force or through a great political agreement that would put a "full stop."

Colombia: Minister To Urge 'Gentlemen's Agreement' at Summit

PA1803235096 Santa Fe de Bogota EL TIEMPO in Spanish 18 Mar 96

[Received via Internet]

[FBIS Translated Text] Taking advantage of the start of the Summit of the Americas, where the cream of the crop from the private sectors of 34 countries are meeting today, the government will propose to Colombian businessmen the signing of a "gentlemen's agreement" to minimize the economic effect stemming from the political crisis the country is experiencing.

Finance Minister Guillermo Perry will make the proposal at a time when the National Business Council, which represents the interests of the majority of businessmen, has repeatedly requested the temporary exit of President Ernesto Samper because of the alleged financing of his campaign with drug money.

At the Americas' Business Forum, the senior official will ask businessmen to improve their relations with the United States to "minimize the effects of the political crisis on the economy."

Perry, who will attend the business meeting that is comprised of ministers and businessmen from 34 American countries (all except Cuba), stressed that relations with the United States "are very important and we must protect them."

Meanwhile, he encouraged the different Colombian sectors attending the meeting to "take advantage" of this encounter to make a "gentlemen's agreement" that improves the climate of confidence in the country's economy. "We must reach an agreement between the private sector and the government that minimizes the effects of the political crisis on the economy," Perry stated.

In Perry's opinion, the idea of taking advantage of the "non certification" by the United States to explore new markets "is only reasonable within the framework of a greater expansion of commercial relations with the U.S. economy." "It is understandable that people are upset over a decision as unjust as the decertification, but we must not do something foolish and think of forsaking the U.S. market," he noted. Over 1,300 businessmen and 34 trade ministers from the hemisphere will define the bases for the world's largest free trade zone.

Modus Operandi

In each one of the workshops that will be held during the Americas' Business Forum there will be a light. The persons participating in the forum may speak for five minutes. After four minutes, the light will turn yellow. When the five minutes are up the light will turn red and a buzzer will go off.

That detail is an example of the Business Forum's organization, where everything focuses in on a single objective: to maximize the impact of the participation by the private sector in the Americas' integration process.

Jorge Ramirez Ocampo, president of the National Association of Exporters [Analdex], was tasked with organizing the Americas' Business Forum in August 1995. Ramirez Ocampo accepted the mission with one clear objective: to make the forum a productive and dynamic experience, capable of funneling the energy of businessmen to act in the integration process. His first task was to establish an identity for the forum, as a meeting place of the business sector. After finalizing a contract with Proexport [Exports Promotion Fund] to finance trips, studies, and communications, Ramirez Ocampo spent a week in Washington. There, he held many meetings with representatives from the public and private sectors. "It was a marathon trip," he noted.

During this trip, he realized that the approach given to private initiative in the previous meeting in Denver, in which there was a meeting of ministers followed by a meeting of businessmen, was far from ideal. The businessmen with whom he met said that if things were done the same way, it was best not to attend.

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For that reason the first change was to move ahead the businessmen's meeting. That decision established a clear difference with regard to the previous meetings.

Promotion

Afterward, the promotion strategy was designed based on two distinct mechanisms. In the case of the United States, a public relations firm was hired to divulge information and encourage businessmen to attend. For the rest of the countries of the hemisphere, the promotion was carried out through a program of visits. To do that, experts Jaime Suarez and Andres Zuluaga were hired. The organizational logistics began simultaneously in Bogota. An ALCA [Free Trade Area of the Americas] office was set up close to Analdex and work began from the two main offices. Several visits were made from Canada to Chile, covering all the countries in between. Ramirez Ocampo visited 10 countries and two aides were in charge of the rest. The main business groups were invited in every nation, and a coordinator was appointed with the support of the embassies and Proexport.

At the same time, the academic program was designed. It is one of the main achievements of this forum, as 65 distinguished personalities will attend to speak on all the topics of integration.

Some activities will be coordinated by the top corporate authorities. For instance, the presidents of Teneco and IMB for the western hemisphere will be the coordinators of some workshops.

The main leaders of Colombian business groups were also contacted, and some of them will coordinate meetings. U.S. support was present throughout this process, as, according to Ramirez Ocampo, "it put everything at its service to make Cartagena a success." During the time the summit was being prepared, five missions from the U.S. Commerce Department came to Colombia.

Colombia: Businessmen To Propel Cartagena Summit

PA1703200396 Santa Fe de Bogota EL TIEMPO in Spanish 17 Mar 96

[Report by Ismael Enrique Medina F. — received via Internet]

[FBIS Translated Text] The participation of businessmen will be the engine for the Cartagena Summit. While the governments are compelled to move cautiously, paying attention to the current political reality and avoiding engaging in conflicts that will take votes away from them, businessmen think about conducting business only. If business prospects are good, the integration process could come about faster.

Approximately 1,200 businessmen from all over the continent are coming. Numerous petitions for participation that arrived late will not be granted due to lack of space. The participation of businessmen is an unprecedented event in trade agreement negotiations. They are certainly awaiting the results of the talks among governments.

What Could Come Out of Cartagena?

Even though it is said that Cartagena is the starting point of government-businessmen relations, we must not expect a definite agenda for the creation of a hemispheric free trade region to come out. Businessmen aspire to obtain from the summit a mandate strengthening the relationship among the private sector and governments as a specific task for the next summit to be held in Brazil.

The organizer of the Business Forum of the Americas, Jorge Ramirez Ocampo, National Association of Exporters (Analdex) president, said that what is achieved in Cartagena will be the result of the rapprochement between businessmen and governments. "It will be the first time in which businessmen will submit to the ministers conclusions and recommendations on specific integration issues," he added.

Ramirez explained that "no one expects the creation of a new multilateral organization"; we are thinking about the creation of channels of communication among groups of ministers and businessmen.

The ideal thing to do, the Analdex president pointed out, is to create looser mechanisms, such as a communications network, to which everybody will be able to access and retrieve things on his own, as he pleases.

A proposal businessmen will make is for the trade ministers to issue a mandate to the tripartite group (formed by the OAS, the ECLA [Economic Commission for Latin America], and the IDB [Inter-American Development Bank]) to create a mechanism to coordinate, integrate, and handle this information.

Who Are They?

More than 1,200 businessmen will come from not only all over the Americas, but also from the various production sectors. Most businessmen signed up for discussions on such issues as obstacles to and solutions for goods and services promotion. Meanwhile, a smaller group signed up for discussions on financial issues, because it is a more specific topic.

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A North-South Conflict?

A clear polarization of interests among the businessmen participating in the negotiations, regardless of what country they come from, has not been perceived so far. On the contrary, the diversity of interests, regarding the country of origin, could become the element that will make the meeting more dynamic.

In Ramirez' opinion, "this process is completely multilateral." Each country and group of businessmen has the opportunity of presenting its proposals. Business alliances could even be struck, regardless of the country of origin. He stressed that "diversity is a positive element to exchange ideas, know protagonists, understand experience, see needs, and detect reasons and limitations."

Colombia: Editorial Views Cartagena Commercial Summit

PA1803233396 Santa Fe de Bogota EL TIEMPO in Spanish 18 Mar 96

[Editorial: "Commercial Summit" — received via Internet]

[FBIS Translated Text] Beginning this Monday, 34 foreign trade ministers of the Americas and approximately 1,400 businessmen from all over the region will meet in Cartagena, in what has been called the "summit" of American integration. This is a very important meeting for the entire continent because, as a result of the presidents' meeting in December 1994 in Miami, they agreed to advance toward establishing a free trade zone in America and establishing, as likely date for that, the year 2005. In Cartagena, then, the objective is to review the state of the process, continuing ministers' conversations that took place in Denver last year.

The situation in Latin America is today very different from the situation that existed in late 1994. We must remember that a few days after the Miami presidential summit, the financial crisis erupted in Mexico and 1995 was not the best year to advance in the area of integration. The Andean Pact has been dying for nearly two years and just recently, in Peru, the presidents of four countries and the Venezuelan foreign minister decided to introduce some reforms that will not mean anything as long as the countries from the new "Andean Community" do not demonstrate a true desire to become integrated. The signing of a free trade agreement between the United States and Chile has confronted some obstacles due to domestic political reasons in the United States. The Mercosur [Common Market of the South] — the integration scheme comprising Brazil, Argentina, Uruguay, and Paraguay — is taking firm steps toward integration but is looking more to Europe than to the rest of Latin America and the United States.

In spite of this, and this is paradoxical, the United States has shown great interest in encouraging this movement to join the free trade area of the Americas, which probably reflects a long term view. This is akin to recognizing that these markets, those south of the Rio Grande River, will be key for U.S. businessmen in the future, that they will not find in their own territory a dynamic demand for many products given the projected demographic changes for the first century of the new millennium. Thus, great importance has been placed on getting private businessmen involved in the conversations and, in general, in the entire process. In the end, the United States is promoting this process, more so than Latin Americans, even though we may benefit greatly from a swift integration.

It is very significant for Colombia that the 1996 American commercial summit takes place in Cartagena, at a time it is indispensable to ease relations with the United States and improve the same on all fronts. One of these fronts, and a very important one, is foreign trade. Consequently, Colombia, in spite of the current problems, should reassume the role of regional leader. The Foreign Trade Ministry could do this if it looked more towards the outside. It is in our best interest to know that Colombia has a great number of integration options ahead and the possibility to participate in many regional integration agreements, as it did with relative success in the first years of this decade in the Andean Pact, the Group of Three [Mexico, Venezuela, and Colombia], and the Central American and Caribbean integration initiatives. In addition, Colombia can and must look to the Mercosur, as we understand it has been doing, without this being the only and exclusive option. We must somehow take advantage of our privileged position in the continent, which we should not waste.

We hope that the Cartagena commercial summit concludes successfully and shows our neighbors and partners the true dimension of Colombia in the hemisphere.

Colombia: Issues for Cartagena Summit Reviewed

PA1803044496 Santa Fe de Bogota EL TIEMPO in Spanish 17 Mar 96

[Received via Internet]

[FBIS Translated Text] The commerce ministers from 34 nations, the WTO [World Trade Organization] director, the U.S. commerce secretary, and the directors of some of the largest multinational companies on the planet are coming.

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The commerce ministers from 34 nations of the hemisphere are meeting this week in Cartagena aiming to make progress toward the creation of a free trade zone that will span from Alaska to Patagonia, Argentina.

International high-caliber personalities are coming, such as WTO Director Italian Renato Ruggiero and Commerce Secretary Ron Brown, without mentioning the presidents of some of the most powerful U.S. multinationals.

They will all gather in Cartagena to work for a process that, if successful, will generate, by the year 2005, a first-class trade bloc on a global scale.

Even though the vision is grandiose, however, the Cartagena summit will not be the place for major decisions. The results, at most, will set forth some rules that will not materialize for several years.

This does not diminish the importance of the summit. In fact, experience has it that these contradictions are normal during the phases preceding the signing of any important trade agreement.

The countries are probably just beginning to take note of the enormous difficulties to be overcome before the goal of hemispheric integration will become a reality. It is amazing to see that they insist on sitting down at a table to resolve them.

The Obstacles

All kinds of problems stand in the way of integration: logistical, political, ideological....

The first problem is associated with deciding on a general procedure for hemispheric integration. How will this be done? Will all the countries sign an agreement on the same day? Will common ground be sought on the existing 24 agreements? Will the countries at first hold broad discussions and agree on specific areas and later expand into other topics?

A consensus has not been reached yet, and it is unlikely that this fundamental matter will be resolved in Cartagena. The countries will lean more toward seeking a "homogenization" of existing agreements, without knowing exactly how the latter will be defined.

There are purely logistical difficulties. For example, in order to understand the flow of commerce throughout the hemisphere it is necessary to have a data base. Without it, it is impossible to progam the order in which access to the different markets will be allowed. Only 23 countries, however, have provided the detailed information on their imports required to build up a data base. Of that number, less than half have stated the origin of their imports.

These logistical difficulties are related to the disparate levels of development among the region's economies. Finding a formula that works for countries with such dissimilar stages of development is a central challenge of the process.

Beyond the WTO

Other problems associated with the imbalanced levels of development have become evident.

For example, all countries agree that integration should be done according to the guidelines established in the WTO agreement and, if possible, with a greater dimension. The problem emerges when a country starts to determine in what areas it wishes to move forward beyond the WTO.

The United States is interested in reaching agreements that include topics not covered in the WTO, such as intellectual property, services, and state purchases. These are areas in which developed countries are traditionally strong and in which developing nations have a huge market potential.

The United States has also insisted in discussing topics such as environmental and labor standards within the hemispheric integration agenda. Such standards are high in developed countries and developing nations will find difficulties in meeting them. These topics had great political importance inside the United States in the negotiations that preceded the signing of the NAFTA with Mexico.

Moreover, when least developed countries decide to go "beyond the WTO" they are attracted by the idea that certain subsidies could be eliminated, especially in the agriculture sector, which countries such as the United States defended within the WTO agreement.

This kind of tension is emerging in the negotiations and is one of the factors that has prevented countries from making progress at a faster pace.

Perspectives

The obstacles mentioned above are normal and were predictable. What deserves to be emphasized is that the process has retained its dynamics despite the restrictions.

The fact is that the promotion of the negotiations stems from an empirical observation: in a world in which the forces of the economy acquire a global dimension, the countries that remain isolated will miss development opportunities and will stay behind.

All government officials and businessmen coming to Cartagena know this. That is why they insist on the

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progress of the negotiations and that is why it is very possible that by the year 2005, the hemisphere's trade will be regulated by a treaty that can ensure the free flow of goods and services for all countries of the region.

Colombia: Governor Protests U.S. Official's Remarks

PA1603173896 Medellin EL COLOMBIANO in Spanish 12 Mar 96 p A7

[FBIS Translated Text] Antioquia Governor Alvaro Uribe Velez yesterday made public a protest note he addressed to the Foreign Ministry rejecting U.S. Assistant Secretary of State Robert Gelbard's remarks about Medellin last week.

In the note, the governor says only someone unfamiliar with the scourges the people of Antioquia have suffered can pass such a quick and outrageous judgment. "By telling just part of the truth, this person is overlooking the fact that 52,137 people have been assassinated in the past 10 years in Medellin and its metropolitan area, which have less than 3,000,000 inhabitants," he said.

According to the governor, most of these deaths are linked to the drug business. "People have learned to kill here mostly as the result of the climate of negative values created by this activity," he continued.

To Confront the Fight

The document goes on to say: "In the fight against drugs, the people of Antioquia have experienced 1,104 terrorist attacks. In addition, 694 police, 12 judges and prosecutors, and four magistrates have been gunned down. One former governor of Antioquia, one former mayor of Medellin, one former attorney general, and many public and private leaders have also fallen victim to this violence."

He adds that the world's increasing interdependence should keep leaders from affronting and ignoring the people. "The people of Antioquia have always been mindful of their relations with the United States. Criticism and disagreements have never led us to insult the honor of the democratic nation of Jefferson and Lincoln. We have kept a dynamic cultural and commercial relationship with the United States. Mutual hospitality has prevailed here and there."

Uribe Velez says the offense being rejected is not a remark against drugs but, rather, an accusation against "a hardworking, honest people who have built a civilization 600 km away from the sea, right in the middle of a jungle, with no roads, a people who have 300,000 workers of the highest human and technical quality, 100,000 small and large enterprises, 70,000 families busy growing coffee, and Latin America's most efficient public service enterprise. This and much more offset by far the harm inflicted by drugs, which will soon become a thing of the past."

He says drugs, despite their corrupting power, have failed to penetrate the majority of the people of Antioquia. To illustrate, he mentions the openness of the industrial and coffee activities and the courage of those in charge of administering justice who in the past 10 years have put behind bars 13,039 people involved in drug trafficking.

Dialogue Is Better

In a more conciliatory tone, he says any verbal exchange that could embitter relations that should be reoriented and reorganized should be avoided. "The disagreement on decertification has taken place at a time of political crisis in Colombia. It is untimely by all counts. Colombia possesses both constitutional instruments to overcome its crisis and a watchful public that will guarantee that institutions will finally work," he added.

He insists the decertification is untimely, because the solution to the Colombian political crisis should be constitutional. If this U.S. Government decision affects the solution to the Colombian crisis, it would establish the serious precedent of a new form of violation of the peoples' right to self-determination. "A sincere and self-criticizing bilateral dialogue that can lead to corrections, not the application of economic penalties, is the only path that appears to be correct."

The governor's note concludes: "Any U.S. official who visits Antioquia can confirm the presence of a firm determination to defeat drug traffic for reasons of dignity and concern over the future of the young people, who represent 70 percent of this community."

He announced the release of this document on 8 March, when Gelbard sparked a discussion on Colombian Justice Minister Carlos Medellin's last name and mentioned its apparent relationship with the name of the capital city of Antioquia.

Colombia: Poll on Ties With U.S., Decertification Viewed

PA1903044396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1200 GMT 18 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] During a large national survey conducted by Napoleon Franco and Associates in 16 cities, the following question was raised: Do you believe that the United States is Colombia's friend or enemy?

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Twenty-nine percent said it is a friend; 55 percent said it is an enemy; and 16 percent either did not know what to say or did not reply.

Another question was the following: If the United States suggests to grant certification to Colombia as an exchange for implementing again the extradition of Colombian drug traffickers, do you think that extradition should be reestablished? Twenty-seven percent said yes, 69 percent said no, and 4 percent either did not know what to say or did not reply. [break in reception]

Here is another question in the survey conducted by Napoleon Franco and Associates: After the United States has denied certification to Colombia, do you think that President Ernesto Samper should assume a more friendly or a more firm position? Thirty-two percent said he should be more friendly, 56 percent said he should be more firm, and 12 percent either did not know what to say or did not reply.

Do you believe that drug trafficking:

Is one of Colombia's worst evils in history? 59 percent.

Is not too serious for Colombians? 36 percent.

Either did not know what to say or did not reply: 5 percent.

Colombia: NAM Supports Bogota on Certification Issue

PA1603014096 Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Mar 96 p 9A

[FBIS Translated Text] The Nonaligned Movement (NAM) has strongly supported Colombia in its confrontation with the United States on the certification issue. NAM issued a communique expressing its concern for the unilateral rating that was issued by the government in Washington on a multilateral problem such as drug trafficking.

Indonesia transferred the NAM presidency to Colombia at the 11th NAM Congress held in Cartagena last October. The organization also rejected the continuous use of unilateral evaluation and certification mechanisms, because they are not consistent with the principles of sovereign equality of the countries. It also reiterated the promise made by the presidents who attended the 11th Congress to fight against all coercive rules imposed on member countries.

The communique, which was obtained thanks to the efforts made for more than a week by the Colombian ambassador to the United Nations, Julio Londono Paredes, does not mention the United States specifically, but it is evident that it is referring to it. The document is very important, because it constitutes the unanimous rejection of 113 countries of a practice, such as the certification one. It has also received the rejection of several European countries and international institutions.

United States: It Is Always Easier To See Someone Else's Faults

The communique also refers to the human rights report on the world issued by the U.S. State Department, because this document strongly criticizes many countries in the world, but does not include an assessment of the human rights situation in the United States itself and, undoubtedly, overlooks competent multilateral review mechanisms.

The text of the NAM message, agreed upon at the Coordination Bureau that operates in New York, is the following:

"The Movement rejects the continuous use of unilateral evaluation, rating, and certification mechanisms, because they are inconsistent with the principles of sovereign equality of the countries and nonintervention, and they damage the multilateral instruments and mechanisms that have been established to this effect.

The NAM reiterates the commitment, expressed by the chiefs of states and governments at the 11th summit held in Cartagena, to fight together against all types of coercive and unilateral conditions, regulations, and policies that a single country attempts to impose or imposes on the member countries."

Colombia: Capo Jorge Rodriguez To Remain in Prison

PA1803195796 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1800 GMT 17 Mar 96

[From the "Radiosucessos RCN" Newscast]

[FBIS Translated Text] Despite having been provisionally released by the Prosecutor General's Office, drug trafficker Jorge Rodriguez Orejuela will still have to remain in prison.

The Prosecutor General's Office explained today that the term of a drug trafficking and illegal enrichment investigation against Rodriguez Orejuela ended recently because this office has not been able to gather sufficient evidence during the established time period.

Because of this, the Prosecutor General's Office proceeded to order Rodriguez Orejuela's temporary release subject to the payment of bail.

However, it was explained that investigations into these two charges will continue.

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At any rate, the Prosecutor General's Office pointed out that Rodriguez Orejuela will continue to be under arrest at La Picota prison as result of having been sentenced previously to eight years in prison charged with possession of an illegal weapon and forgery of public documents.

Jorge Eliecer Rodriguez Oejuela, also known as Chequele, was captured in April 1994 in Cali by the Search Block.

Colombia: Samper Highlights Antidrug Results

PA1703040996 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 15 Mar 96

[Speech by President Ernesto Samper Pizano to National Police Forces in Neiva, Huila Department during a decoration ceremony for the narcotics police; broadcast in progress — live]

[FBIS Translated Text] ...prevention of illegal drug trafficking. I have come today, I have returned today, to the land of Huila to pay homage in the name of all Colombians to the National Police and most especially to its narcotics directorate, because of the spectacular results obtained in the fight against drug trafficking, especially during 1995.

Thousands of brave men, under the command of an excellent corps of officers, have given everything for the sake of patriotism to free Colombia from the drug trafficking scourge. Over the past decades Colombia had regrettably become one of the main producer countries of illegal crops. Fifteen percent of all the hectares in the world being cultivatd for drug production are located in our beloved and handsome land. In order to once and for all eradicate these crops, we put into practice the so-called Operation Brightness [Operacion Resplandor]. Today we see the results. During my administration more than 39,000 hectares of coca and poppy crops have been eradicated. These eradications have prevented the production of hundreds of millions of doses of cocaine and heroin, which surely would now be poisoning the world's youth had they not been destroyed. No government in Colombia has ever eradicated so much. Some people abroad have described this as baseless, which is totally unfair. That is why the government, which I lead, will invite an international organization to make a complete audit and evaluation from this moment on, of the results we have obtained and will continue obtaining.

In the same way that the environmental audit is taking place to prevent any deterioration due to fumigation, we will request the international audit to verify clearly and correctly the eradication results, so that no type of uncertainty remains on this topic. We are not going to allow Colombia's extraordinary achievements to be downplayed from abroad for political reasons.

Regrettably, this is also a drug producing country. In order to prevent this, the police have been carrying out a frontal attack on the infrastructure that today serves as a base for the industrial processing of drugs. These results are also spectacular. Since the start of my administration more than 700 laboratories and 120 clandestine landing strips have been destroyed, and 600 vehicles and 89 aircraft have been immobilized. In the work aimed at intercepting precursor substances based on monitoring of international routes and flows, 3,000 tons of sodium carbonate were seized in a single operation, which is a world record.

Despite significant efforts by the previous administrations, Colombia had become, over recent years, the ideal territory for the distribution and trafficking of illegal drugs. Our important geographical location was attractive for drug traffickers and dealers. The police have substantially strengthened control operations in airports following a policy set in this regard. The National Navy, in turn, has done likewise at river and maritime points. A coast guard base has been established in San Andres that controls all air and sea traffic entries and exits to the archipelago. San Andres is no longer the drug trafficking scene that it was, and it has once again become the handsome blue-eyed barracuda of which all Colombians feel proud.

The dismantling of drug cartels deserves a special chapter. A year ago we announced strategic and tactical changes to catch the main Cali Cartel leaders. Today, thanks to the effort and dedication of our policemen, we can note that these captures took place. And, we continue fighting this type of criminal activities as demonstrated by the operation carried out a few days ago in Medellin in which [Jose] Santacruz lost his life after resisting police arrest. Likewise, we succeeded today with the capture of one of the most dangerous drug traffickers, who had continued to carry out operations in Valle and Risalralda Departments.

We have doubled security in our prisons to prevent these privileged places from serving as operations centers for drug barons. To state now that our jails have become paradises on earth in the service of drug trafficking interests is both a false and ill-intended accusation.

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Colombia: ANDI Says Political Crisis Hurting Economy

96SM0158A Santa Fe de Bogota EL TIEMPO in Spanish 15 Mar 96

[Received via Internet]

[FBIS Translated Text] Industrialists are now counting the political crisis among their problems. The uncertainty is forcing many business owners to postpone investment plans.

It is no longer possible to claim that the Colombian economy can withstand any test.

The difficult political situation that the country is undergoing is being felt in the productive sector, and is beginning to hurt the economy.

This assertion was made by the National Association of Industrialists (ANDI). In an official communique, the guild explained: "The dissociation of the economic, political, social, and institutional factors is senseless, because the trends in business activities are depending increasingly on the society's functioning."

Thus, the political crisis is becoming another item among those being analyzed by the ANDI as an economic problem.

According to the industrial guild, pretending that political events have not affected the normal progress of the economy, and will not do so, is of no use in helping to deal with the problems that have been created.

The association maintains that it is time to express the concerns of industrialists. The document notes: "We have spent nearly a year downgrading the expectations for growth generated by a markedly tightening monetary policy, giving rise to a slowdown in the internal demand."

Furthermore, it adds: "The uncertainty created by the political crisis hastened the deterioration of the business climate, forcing a sizable and growing number of business owners to postpone investment plans."

According to the ANDI, it is clear that there is not yet a widespread recession, but also that, if corrections are not made, such a situation could be reached.

The guild claims that inflation and unemployment are continuing to grow, as is the uncertainty among business owners. And, while this is happening, interest rates are being kept high, and devaluation is exceeding the anticipated targets.

The guild gives a reminder that merchants and builders are talking about bankruptcy, while the spokesmen for the agricultural sector are making rather discouraging comments, and the financial sector also is reporting a decline in its earnings.

Production Falling

According to the Industrial Opinion Poll, during January the country's industrial production declined by 3.2 percent.

The poll, which represents a minimum of 40 percent of manufacturing production, was taken among 350 business firms in all productive sectors.

An economic analyst from the ANDI explained that the measurement is made in terms of real production, and is compared with that of the same month or cycle of the previous year.

The poll is taken by six manufacturing production guilds: ANDI, Fedemetal [Colombian Federation of Metal Industries], ACOPI [Colombian Association of Small Industries], Acoplasticos [Colombian Association of the Plastics Industry], Andigraf [Colombian Federation of Graphics Industries], and the ICPC (Colombian Institute of Cement Producers).

The document reveals that, "The deterioration being shown by industrial activity since the second quarter of 1995 became drastically heightened in January 1996."

The problems of industry, apart from the current political situation, are the decline in demand, high financing costs, slow turnover of holdings, and smuggling.

The ANDI added: "This being the case, we are faced with a complicated economic situation and a quite unclear medium and long-term picture."

That 3.2 percent decline did not appear in 1991, when the openness and the anti-inflationary policy were striking at the economy.

According to the poll, sales rose 1.3 percent in January, whereas during the same month last year their increase was 7.9 percent.

The organization claims: "The poor performance of manufacturing activity has necessarily been reflected in the expectations for the business climate."

Colombia: Columnist Sees Possibility of Acquittal

96SM0156A Santa Fe de Bogota EL TIEMPO in Spanish 14 Mar 96

[Commentary by Enrique Santos Calderon — received via Internet]

[FBIS Translated Text] In a pathetic demonstration of a lack of integrity, openness, and character, the Chamber of Representatives has decided, by a majority of 89 to

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32, that the voting in the trial against the president is to be secret.

This act is a harbinger of what the judgment in this body's plenary session will be: it is nothing less than the predicted acquittal of the president. I could even bet that it will be by a very similar margin.

In this way, the honorable representatives are eluding all their individual and political responsibility in the most decisive phase of a process that was supposed to be visible to the country. A public trial that will be decided by a secret vote. Imagine that!

Not only will the vote be secret, so that we Colombians will not learn how each member of Congress votes, but the secrecy regarding the submission of evidence also has been maintained, so that it will also be impossible to learn how the witnesses are interrogated. Furthermore, the secrecy of identity has been eliminated for them. In other words, a requisite assumed for them is being denied them. Also denied was the proposal requesting that the plenary session possibly be held in the form of a public hearing, with witnesses summoned as well.

Hence, this appears to be the kind of "open and transparent" trial that had been predicted in a Congress which, at the same time, is attempting to avoid public control over its actions. It is distressing, but not surprising. We should not forget that many representatives in the Chamber, beginning with Heyne Mogollon himself, have been objected to by other members of that body.

And the fact is that there is a fundamental conflict of interest, when those who have received money from the Cali cartel will be judging the president for having received money from the Cali cartel. Congress members who are in that situation should realize what they can expect. The view of the Council of State that deprived Senator Gustavo Espinosa of his inauguration set a clear precedent on the subject. They will no longer be able to claim that they were not warned.

Another regrettable faux pas of the Congress, in this case on the part of the Senate's Third Commission, has been the attempt to summon various business owners and the precandidate, Noemi Sanin, to demand explanations from them regarding the national strike that has been proposed.

This is a clearly intimidating policy, supported by the peculiar theory that it is necessary to "differentiate between opinion and sedition," which is even an assault against freedom of speech. Since when can proposing a strike be considered a seditious act, deserving such a threat on the part of a Congress that is not responsible for exercising political control of any kind over the citizens? It should be exercising such control over the government, although it is doing little of that.

Public forums or hearings, to which private individuals may be called to express their opinion on any issue of public interest, are something else. They are not being summoned to be interrogated, as if they were facing a judicial authority.

My friend, Senator Luis Guillermo Velez, chairman of the Third Commission and author of the proposal, took leave of his senses. Fortunately, it was buried in a subsequent sensible act, in which this legislative group reached the fundamental conclusion that it could not force persons to appear in order to interrogate them on their ideas or opinions.

The business owners, this time without Noemi, will be summoned, but to discuss the effect of the decertification on the national economy: something quite different. If the original intention of questioning them for proposing a strike had been maintained, the business owners would have had the option of telling the honorable senators to jump in a lake. This was done by the reporter, Plinio Apuleyo Mendoza, when an attempt was made to summon him to explain an article that he had written about Senator Salomon Nader, and the Constitutional Court backed Mendoza's refusal to appear before the Congress.

However, the fact that the Third Commission has changed the terms of the summons to the business owners does not eradicate the disturbing precedent that it attempted to set, nor the even more significant fact that it received the approval of President Samper.

The one who has gone furthest in his intention of intimidating the business owners is the president's increasingly aggressive defense attorney, Luis Guillermo Nieto Roa. He harshly criticized Prosecutor General Valdivieso for refusing to investigate the conduct of the chairman of the Valle Business Owners Committee, German Holguin, the first to suggest the possibility of a business owners' lockout.

According to Doctor Nieto Roa, this conduct could be categorized as incitement to the crimes of rebellion and sedition. But what could be categorized as a real absurdity, and an exaggeration as grotesque as it is dangerous, is the president's defender's attempt to put the business owners on a par with economic subversives and terrorists for talking about a strike.

Nieto Roa has assumed his task with heightened passion. His tactic of defending by attacking is becoming increasingly obvious. His assaults against the prosecutor general, whom he criticizes for being biased, remiss, politicized, etc., have become a daily ritual. Every other

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day, he sends a letter to this newspaper questioning reports and commentaries in an increasingly belligerent tone. We cannot find out about his behavior in the Accusations Committee (as a result of the silly secrecy of proceedings), but it must be presumed to be implacable.

The zeal with which he performs his difficult task is admirable, but so much vehemence suggests a certain amount of desperation. I am beginning to miss the witty Doctor Cancino, with his slicked-down toupee and cheerful good nature.

Colombia: Correction to Chamber To Lift Confidentiality

PA1503001196

The following correction pertains to the item headlined "Columbia: Confidentality of Samper Proceedings Lifted," published in the 13 March Latin America DAILY REPORT, page 30:

Column one, make subslug read: ...[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1830 GMT 12 March]... (supplying additional information)

Ecuador

Ecuador: Alarcon Denies Peruvian Air Space Violation

PY1803165396 Madrid EFE in Spanish 1422 GMT 18 Mar 96

[FBIS Translated Text] Quito, 18 Mar (EFE) — It was reported today that Ecuadoran Defense Minister Alfonso Alarcon denied an Ecuadoran "Arava" plane on 12 March violated Peruvian air space.

Alarcon said Peruvian officials could be mistaken, because the place where the Ecuadoran Air Force (FAE) aircraft was detected is a commercial route.

Peruvian Government officials on 13 March reported the incursion to the Ecuador-Peru Mission of Military Observers (MOMEP) which comprises Argentina, Brazil, Chile, and the United States.

The MOMEP verifies if Peru and Ecuador are fulfilling the peace agreements with which they ended the undeclared war in January and February 1995 in a region of their common Amazon border which lacks border markers.

The Peruvian report, now denied by Alarcon, states that on 12 March at 0900, an Ecuadoran "Arava" plane violated Peruvian air space some 8 km from the eastern border on the demilitarized zone, at the "5 November" border marker.

Denying the incident, Alarcon said in remarks published today by the Quito newspaper HOY, that this type of contention and problem, if they do occur, must be treated directly with the MOMEP.

Ecuador and Peru are immersed in a negotiation process which must lead to a final solution to its lengthy territorial conflict, which has led them to three wars during the past half century.

Ecuador: Tudela Denies Hardening Position in Peace Talks

PY1903001596 Madrid EFE in Spanish 1810 GMT 17 Mar 96

[FBIS Translated Text] Quito, 17 Mar (EFE) — It was disclosed here that Peruvian Foreign Minister Francisco Tudela said that neither he nor his country have hardened their position in the negotiation process with Ecuador in search of a final solution to the territorial dispute between the two countries.

"I have not become inflexible," the thing is that "in my capacity as minister of state of a democratic country I had the duty of informing the community of Peru's position," Tudela said, and asserted that "by no means does this imply a hardening regarding the negotiation process."

Ecuador and Peru are engaged in a negotiation process to definitively overcome territorial differences that have resulted in three military conflicts since 1942, the last of which took place between 26 January and 28 February 1995.

In statements to the Lima daily EL COMERCIO, Tudela said: "I think it is correct that the Peruvian foreign minister lay his cards on the table, not only for the Peruvians but also for the Ecuadoreans."

The Peruvian position "no matter how inflexible it may appear initially, is the same one we are going to uphold in Brasilia," where the negotiations in search of a definitive solution will take place at an undetermined date.

"The list of Ecuadoran 'impasses' includes theories that Peru does not accept. However, we do not refuse to discuss these issues." Tudela added that "we are willing to discuss the procedure issues yet to be determined."

In commenting on Ecuador's claim for sovereignty over a portion of the Amazonas River, Tudela noted that point No. 1 of the Ecuadoran list of 'impasses' "is imprecise regarding what the term Maranon-Amazonas means, which makes it impossible to determine how broad the Ecuadoran aspiration is."

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He also said that another item on the list of 'impasses' is the one in which Ecuador denounces the impartial inexecutability of the Rio de Janeiro Protocol, that in 1942 established the new borderline between Ecuador and Peru, and "we believe that in that sector (Condor mountain range) Braz Dias de Aguiar's ruling provided the necessary elements for the demarcation."

Ecuador maintains that that document is inexecutable because it mentions a nonexistent geographical feature as the limit between Ecuador and Peru.

In 1995, the two countries engaged in a five-week war due to their territorial disagreements in the Cenepa River valley, 350 km south of Quito and 950 km north of Lima.

Tudela voiced his hopes that the talks in Brasilia "will end positively and that we will be able to come up with imaginative formulas, not necessarily the traditional formulas, that will satisfy both countries."

"We must look for these formulas respecting the legal frameworks that regulate the relationship between our two countries," Tudela said. He asserted that his country is willing to resort to the guarantor countries (Argentina, Chile, Brazil, and the United States) to find a mechanism "that will allow them to overcome any problem in the negotiations."

He asserted that "the first phase of the talks" will take place in Brasilia and will help clarify concepts, because "in order to tackle the problems we must first define them."

The two countries must jointly define the items to be included in the definitive negotiations because "we do not veto the Ecuadoran list, but some points need some clarifications in order to be able to start the negotiations."

Tudela said: "I am certain that this dialogue will continue, some criteria may change at the negotiating table, but I think the dialogue will continue."

He added that the path toward definitive peace "is an agreement between two states and two societies, Ecuadoran and Peruvian, as a whole, which believe dialogue is important" and "I believe the politicians must not spare this aspiration the two nations have."

Ecuador: President Interviewed on Border Conflict, Dahik

96SM0160A Quito HOY in Spanish 15 Mar 96

[Report on interview with President Sixto Duran Ballen by Thalia Flores y Flores, in Quito, date not given — received via Internet]

[FBIS Translated Text] The applause from the people of Trujillo remains in the past, but the president of Ecuador, Sixto Duran Ballen, is still as thrilled as he was while touring the streets of that Peruvian city, receiving an ovation from its residents.

Returning to Ecuador at an altitude of 30,000 feet, the president expresses willingness to hold a dialogue with HOY in what constitutes the first assessment of his administration as head of state — five months from the conclusion of his term.

An unusual sparkle escaping from his eyes, possibly reflecting the sensation of receiving applause on the streets — a rare experience for him in recent times — would remain throughout the interview held on the FAE's [Ecuadoran Air Force] 001 plane.

Sixto Duran Ballen would answer all the questions, giving an account of all his "times" as president of a nation with 11 million citizens.

The war with Peru in early 1995, and the disaster at La Josefina in March 1993, have lent a tragic "note" to the government administration of Sixto Duran Ballen (aged 75), the fifth Ecuadoran president during the new democratic period.

Finding himself embroiled in the war process, "imposing a tremendous sacrifice on the country to withstand, with a toll of serious damage," is considered by the head of state to be the most difficult event he was called upon to experience during the 41 months of his administration.

"That was when I felt most keenly the weight of a chief executive's responsibility, realizing that a decision of mine could entail the sacrifice of human lives." He makes this comment in a sad tone, although admitting that, fortunately, it was not of the magnitude of that suffered by Peru, "thanks to the professionalism of the Armed Forces, the familiarity with the terrain, and the determination to resist."

Something similar happened to the head of state at the time of the La Josefina disaster, although the circumstances were different and the incidents not comparable.

Sixto Duran Ballen had just returned to the country after undergoing a spinal column operation in the United

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States when he had to confront the greatest natural disaster of this half-century. The president had to be moved by dealing with this problem.

"I did not make a token appearance of a symbolic type; I personally dealt with the situation for several weeks," Duran Ballen recalls. He does not fail to point out that his daily visits to the disaster site "probably" caused a relapse of his illness which, months later, required further surgery as a result of the fracture of one of his disks.

These two events — paradoxes of life — had an effect on the president's elusive popularity, momentarily bolstering it with fresh air for a difficult task requiring great encouragement.

Duran Ballen himself labels as unforgettable and probably "the most exciting and thrilling occurrence" the exceptional affinity that he experienced with the people when, from the balcony at Carondelet, he proclaimed, "Not one step backward." That cry became a symbol of national dignity, confronting the invasion on the border.

Nor can he forget the expressions of support — not only from the inhabitants of Austro, but also from the country as a whole — during the La Josefina tragedy, when they perceived a president and making state decisions moved by the grief of the poorest people. Nevertheless, the encouragement from Ecuadoreans did not take long to vanish and be replaced with the most severe criticism that the government ever received.

'I Don't Know How To Explain It...'

But the president of the republic has no response to the question as to why the government was unable to maintain the people's support and, on the contrary, "earned" a stiff opposition, almost throughout its entire administration.

"It is something that I myself cannot explain..." That is the first spontaneous response from Sixto Duran Ballen who, later, attempting a rather unconvincing hypothesis, blames the press for having attached too much importance to events of no great significance. "It has inflated other realities disproportionately," he claims, without specifying them.

"The bad luck of the energy crisis" is also cited by the president as another factor that may have contributed to his loss of popularity. However, he describes this as unfair, maintaining the electrification plans were supposed to have begun years earlier, under former governments. But, since they neither refinanced the debt nor paid interest, the international loans were blocked, precluding the possibility of carrying out new projects in the country.

Duran Ballen asserts: "First, we had to renegotiate the debt, so as to be given the opportunity for new long-term loans." He recalls, for example, that it took two years to obtain the financing for the Daule-Peripa project which, he claims, had been blocked as occurred in the case of other requests for financing from Japan, Germany, and Italy.

Sixto's Bitter-Sweet Experiences

But the president of the republic maintains that he also enjoyed happy times throughout his administration as head of the government.

The results of the first referendum, giving the "go-ahead" to begin the state reform, caused him to be highly enthusiastic, and are underscored by Duran Ballen. He also mentions as positive factors for his administration: the response from international agencies, such as the CAF [Andean Development Corporation] and the IDB [Inter-American Development Bank]; renegotiating the foreign debt after the country had spent a long time unable to do so; and, in particular, reducing inflation — which he regards as the worst affliction for a people.

Nevertheless, the president does not forget to mention a kind of "disappointment" at not having gained the support of the country's other institutions to make progress with state reform. "We could have done more," claims a rueful Duran Ballen, citing as an example his proposal that the selection of deputies should be made in the run-off election as a reform that would have helped future governments, but one that was rejected.

Contrary to what might be presumed, according to Sixto Duran Ballen his having adopted severe measures, such as those of 3 September 1992, is evidence that he was making decisions as head of the government.

"I was forced to adopt those measures to the extent that I did because previous governments failed to do so, when they perhaps would have represented less of an impact on the people," he remarks. He trusts that, within a short time, the country will recognize this as something good, noting that, without that decision, "we would have been unable to withstand a war."

The Impracticability of the Protocol

However, according to the head of state, the most important decision that he had to make was that recognizing the effective status of the Protocol of Rio de Janeiro. Hence, he does not accept high-flown statements representing nothing but a false chauvinism, nor critical comments from individuals "who participated in previous governments that could have made decisions but failed to do so, leaving the responsibility to future governments."

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"I chose to make that decision at the proper time, and I do not regret it, because it was valid," he claims, convinced that, "Later, when the history of my term is studied, it will be found that the opposition's criticism that I did not know how to make decisions was merely one of its 'slogans,' because I was responsible for making decisions more serious than those of any other period." He asserts this as if attempting to vindicate himself with history.

'It Was Painful To Request Dahik's Resignation'

"Imagine a tremendous sorrow, a tremendous pain." This is the comment with which Sixto Duran Ballen responds when I ask him: "How did you feel when you had to request your vice president's resignation?"

And he continues, as if engaged in a monologue: "Finding myself forced into a measure of that kind while facing the greater problem, namely, the state, was painful, but personal matters were relegated to a secondary level." Then he looks up and reminisces: "We had carried out a campaign together, we had worked in a previous government, and we had agreed on working for the country." He repeats: "It was very, very painful," as if still feeling the grief of the decision.

On the other hand, to answer the question regarding the Flores y Miel case, in which his political family was implicated in acts of corruption, the president attempts an explanation in which, on the contrary, he demands "satisfaction." He maintains that it has been proved that money from the expense funds reserved to cover those accounts was not used, because there was no income other than that obtained from the auctioning of the company's own assets.

"Why haven't any news media said 'what a relief, our president has been an honorable man'?" He asks this, adding: "You have requested that I speak frankly; I have to tell how I feel about things."

The Referendum Was Not a Mistake

It is surprising that, throughout the interview, the president of the republic has not admitted a single mistake on the part of his government. Therefore, when we discuss the referendum, he defends it as he did on the day when he called for it. He does not even admit that it was untimely, but rather blames the opposition for having taken advantage of it to express its view against the government and to oppose the change.

He claims: "All those questions to which the people answered 'no' related to things that, sooner or later, the country will find necessary."

Peru

Peru: New Violation of Air Space by Ecuadoran Plane

PY1803150496 Madrid EFE in Spanish 1815 GMT 16 Mar 96

[FBIS Translated Text] Lima, 16 Mar (EFE) — Peru has informed the military commanders of the guarantor countries about a new violation by the Ecuadoran Air Force (FAE) of Peruvian air space on 12 March, within the demilitarized zone.

Military sources linked to MOMEP [Ecuador-Peru Mission of Military Observers] 3, headquartered in the jungle zone of Bagua (Amazonas), reported that on 12 March, at 0900 local time, an Ecuadoran aircraft of the "Arava" type, entered Peruvian air space some 8 km from the eastern border of the demilitarized zone at the place known as the "5 November" border marker.

The sources stated that the plane flew southeast leaving a trail of vapor along its course, and then returned toward its territory toward the north.

The same sources stated Peru reported this incident and expressed "strongest protest" to the MOMEP 3, which comprises military chiefs from countries guarantors of the 1942 Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

The Lima newspaper EL COMERCIO today reported that the following day (13 March) Peru sent a report to the guarantor countries on this incident which "is not isolated, as it is not the first time it has occurred and represents a disruptive action in the peace process between the two nations," military sources said.

The report was addressed to Brazilian General Francisco Albuquerque, coordinator of the military observers, to enable him to implement what is established in the security manual.

This security manual was established during meetings in Rio de Janeiro in October 1995 by representatives of the guarantor countries and of Peru and Ecuador, and is intended to avoid border incidents and to tighten friendship ties.

The MOMEP 3 began its work last Wednesday when its consultative committee agreed in Brasilia to extend its term in the demilitarized zone of the Ecuadoran-Peruvian border agreed upon in July 1995.

Sources consulted by the Lima press stated that this new Ecuadoran violation of the Peruvian air space represents an indication that "reconnaissance work is being carried out on the territory and the establishment of positions."

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On 28 December 1995, the Peruvian Defense Ministry reported that Peruvian aircraft were overflying its territory and that shots were fired from an Ecuadoran boat against Peruvian Watch Post Bobonaza, on the Pastaza River.

These incidents were recorded a day earlier, as were at least six overflies; two over Watch Post 1 (PV1), and four others over PV2.

The MOMEP issued a communique stating that it heard and saw a plane flying at an altitude of 700 meters, but clouds prevented it from verifying the nationality and type of aircraft.

Peruvian military sources stated that in January 1996, transport plane flights were also detected near the Pachacutec watch post, and by mid February, another flight took place near the "5 November" border marker, of which the MOMEP was internally informed.

The Peruvian report states that Ecuador has violated the security manual, under which only in emergencies, when there is no option, can Ecuadoran planes can land on Peruvian airstrips.

Peru and Ecuador are engaged in a peace process which began in March 1995 after the undeclared war they waged between 26 January and 28 February 1995 over a stretch of 78 kilometers of their unmarked common Amazon border.

The chiefs of the two countries' Armed Forces, Generals Jorge Ortega (Ecuador) and Nicolas de Bari Hermoza (Peru) recently signed in Lima a statement and minutes of understanding for the beginning of the round of military talks with the purpose of developing the peace process initiated by their governments.

Peru: General Believes Ecuador Using Israeli-Made Spy Drone

PY1803151596 Madrid EFE in Spanish 1542 GMT 17 Mar 96

[FBIS Translated Text] Lima, 17 Mar (EFE) — Peruvian General Walter Ledesma, retired, has said the Ecuadoran Armed Forces may be using an Israeli-made spy drone to overfly Peruvian air space.

In remarks published today in the Lima newspaper EL COMERCIO, Ledesma explains that Ecuador could be using a remote-controlled plane, of Israeli technology, known as the RPV [Remote Piloted Vehicle], to collect tactical information within Peruvian air space. This drone is reportedly equipped with a powerful television camera.

Peru reported a new violation of its air space last Tuesday and added that an Ecuadoran "Arava" plane entered some 8 km into Peruvian territory across the eastern border of the demilitarized zone, at the "5 November" border marker.

Ledesma said the drone he believes Ecuador is using can fly for 12 hours at an altitude of 16,000 feet (5,000 meters), "is undetectable by radar, and its silhouette can be easily mistaken for the Arava."

Ecuador and Peru waged an undeclared war between 26 January and 28 February last year over the dispute of an Amazon border region.

Peru: Fujimori Denies Release of Imprisoned Terrorists

PY1903031896 Lima America Television Network in Spanish 0100 GMT 19 Mar 96

[FBIS Translated Excerpt] This year some 200,000 property owners in rural areas or the outskirts of urban areas in Peru will obtain the title deeds of their houses as a result of the creation of the Committee for the Regularization of Untitled Property [Comite de Formalizacion de la Propiedad Informal, Cofopri] and the Property Registry [Registro de Propiedad Predial]. The corresponding law was signed by President Alberto Fujimori today during a visit to Cerro Lamilla in San Martin del Porres.

Moreover, in statements to the media, the chief of state denied that any terrorist sentenced by the military court has been released and said that the recent transference of some terrorists was for security reasons. [passage omitted]

Fujimori also referred to reports on the alleged release of individuals sentenced to imprisonment for terrorist actions.

[Begin recording] [Fujimori] In the first place, a list has been drafted and an investigation carried at the military court level. We can guarantee that not a single terrorist sentenced by the military court has been released. We are awaiting the report on those sentenced by the civil court. The transference of these prisoners has been ordered for security reasons in each prison. Therefore, order now prevails in each of the prisons where we have transferred prisoners.

[Unidentified reporter] Has any type of irregularity in these transferences been detected as has been suggested these past days?

[Fujimori] There are no irregularities whatsoever in this regard. Should there be any, those responsible will be punished. [end recording] [passage omitted]

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Peru: Government To Continue Promoting Industry Retooling

PY1503124596 Lima EXPRESO in Spanish 5 Mar 95 p A4

[FBIS Translated Text] Arequipa — President Alberto Fujimori announced here that the government will continue to promote the industrial retooling process throughout the country with measures such as fractionating tax payments into four years and capital investments in the productive sector.

He asserted: "The state will remain alert to make sure that the market economy rules are respected. We are not going to harm the country by implementing a pseudo market economy."

The chief of state made these comments during the opening of the "Financial Reforms and Regional Cooperation" seminar, organized by the Latin American Association of Financial Institutions for Development (Alide) and sponsored by the IDB and the Financial Development Corporation (Cofide).

Issues such as the finances in the continent and other subjects considered key issues for an integral financing policy for Latin American development were raised during the event.

The consolidation of the liberalization and economic opening process and the role played by foreign financial cooperation in support for development strategies were also discussed.

Representatives of the main Latin American banks as well as some 100 government officials of Peru and other countries of the region attended the meeting.

Fujimori arrived at noon in this city accompanied by IDB Chairman Enrique Iglesias and IDB representative in Peru, Rosa Olivia Lawson.

In his speech Fujimori said that the small urban and rural producers, who were the ones who "cushioned" the crisis, are the cornerstones of social stability.

He also said that these productive agents should play a greater role in this new phase of the path toward sustainable reactivation.

In this sense he mentioned the lack of support the private financial system grants small-scale businessmen despite the fact, he said, they are the best payers of their debt.

He recalled that the corruption and distortion of the functions of the former development bank prompted its elimination but that does not mean the government, renewed and with another idea about development, gives up the idea of implementing other schemes in keeping with the country's real situation.

Fujimori said that "a financial reform has been implemented, but it is incomplete. The limitations of the reformed banking sector to reach small-scale enterprises and producers represent a vacuum that is being solved with a basic experience we are developing in keeping with our reality."

As an example, he mentioned the rural associations that, according to him, are yielding good results by giving financial assistance — although only partially for now — to the small and medium-scale farmer.

Fujimori went on to say that "in the Andean countries there are hundreds of economies that are not linked to the market. The government is, precisely, working to try to link them to the market economy with means of communication, power, and small irrigation projects. But this support must necessarily be accompanied by available and timely credit."

IDB Chairman Iglesias announced that this organization had granted Peru a $800 million credit to finance highway and sanitation projects.

In this regard he recalled that 35 years ago he granted the first loan to Arequipa city to finance the Pflucker project, which supplied potable water to a vast area of this city.

Peru: Fujimori's Focus on Small Businesses Discussed

PY1503185796 Lima EL COMERCIO in Spanish 3 Mar 96 p E1

[Interview with Ricardo Marquez, first vice president of the republic, by correspondent Sandoval Coronado; place and date not given]

[FBIS Translated Excerpt] [Coronado] Since he began his second term in office, President Alberto Fujimori's speech has namely focused on the small business sector. How much has been done to materialize his promises?

[Marquez] The government has a support policy for small businesses through the various ministries linked to production. What we are trying to do is consolidate that support and channel it in one direction. President Fujimori, as he announced in his 28 July speech, intends this decade to be the decade of "the revolution of the smallest."

[Coronado] How does he intend to carry out that "revolution?"

[Marquez] Through different actions. We have already started, for example, by relaunching and reorganizing the Small Enterprise Warranty Fund [Fondo de Garantia a la Pequena Empresa, Fogapi]. Because it is the most

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representative institution of the small business sector, Fogapi will channel the resources to increase a warranty fund, which will allow surviving micro enterprises to obtain credits. We want the Fogapi management to comprise representatives, at an executive level, of all the institutions that belong to it: Industry Ministry, Apemipe [Peruvian Association of Small and Medium-Sized businesses], the Association of National Industries, and Cofide [Financial Development Corporation]. What the government is trying to say is: "There is a foundation through which the state has a commitment with the private enterprise, we are not going to create another institution, we are not going to come up with more red tape, let us work with what we have..."

[Coronado] What will the resources earmarked for Fogapi amount to?

[Marquez] We are talking about $7 million, but one must take into account that those resources may multiply eight-fold in terms of guarantee. Therefore, we are talking about more than $40 million. We are preparing an agreement with the Banks Association (Asbanc) to take advantage of the relaunching of Fogapi. [passage omitted]

[Coronado] Although you are talking about $40 million in terms of warranty, the Fogapi resources are still not enough to meet the great needs of that sector...

[Marquez] Yes, but on the other hand as you know new Edpymes [expansion unknown], new Rural Funds are being created. Moreover, the resources of the Municipal Funds will be increased. These institutions, in sum, will represent the backbone for the distribution of credits to the small enterprises. We are not creating a public enterprise to give credit, on the contrary, we are saying: "Private enterprise unite because Cofide and the state will support you so that credit can start being distributed."

[Coronado] Then what will the financing structure for the small enterprises be?

[Marquez] Similar to that for the agriculture and livestock sector: Cofide will act as a second-tier bank and the associated banking system (Banks, Rural Funds, Municipal Funds, Edpyme) as first-tier banks.

[Coronado] But the Edpymes seemed to be stagnant since the government authorized their creation...

[Marquez] The thing is that people did not believe in this project until the first Edpyme was created. As you can see, within 48 hours the government granted it $1.5 million, so now there are more interested groups creating Edpymes and, as you know, three or four appeared this week and we have been informed that many others are in the making. The Municipal Funds are growing considerably because Cofide supports the Municipal Funds and the Rural Funds are also growing and now in Lima (Santa Rosa) they will have to act as intermediaries in the wholesale markets.

[Coronado] Where does Prompex [expansion unknown] fit in in this effort?

[Marquez] Prompex promotes the export of products of small and medium-scale enterprises. The job of promoting exports is carried out jointly by the private enterprises unions, the Foreign Ministry, the commercial attaches, and commercial secretariats so that we can work in a more direct and expeditious manner. Prompex or any export policy must have a branch in charge of financing, another for technology transfer, and a third one to improve the productivity. [passage omitted]

Peru: Mining, Drug Traffickers Contaminate Amazon Region

PY1503033796 Lima EL COMERCIO in Spanish 18 Feb 96 p B16

[FBIS Translated Text] Iquitos, 17 Feb — There are 12 contaminated zones in the Peruvian Amazon region caused by oil extraction activities, gold exploitation, and the waste thrown by people who are involved in processing cocaine base.

This situation was revealed in a detailed study prepared by the Peruvian Amazon Research Institute (IIAP) entitled: Diagnosis Regarding Environmental Contamination of the Peruvian Amazon.

The document points out that the zones considered critical, as they are affected by oil contamination, are in the basins of the Tigre, Corrientes, Pastaza, and Napo Rivers (Loreto Department); the zones affected by gold exploitation are mainly in the basin of the Madre de Dios River, and in the areas of Huaypetue, Caiviche, and Laberinto.

The document also says that the basins of the Huallaga and Aguaytia Rivers, the Sauce lake (San Martin), the Inuria lake (Ucayali), and other areas in the central jungle region are contaminated by coca activity. The document adds that Tarapoto, Pucallpa, and Iquitos are the three Amazon cities affected by urban contamination.

The research reveals that oil contamination takes place mainly during the drilling for oil and in the oil production phase. The document adds: "The waste contaminates the soil, water, and air because in most cases it is disposed of without prior treatment."

The document sais: "About 74.451 million barrels of salt water were reportedly disposed of in the Peruvian

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jungle region in 1993 by the companies that operate in the jungle."

The experts also said that the main contaminant in the gold prospecting zones is mercury, which creates a vapor that harms the prospectors when it is inhaled. When thrown into the water, it contaminates the marine ecosystem and reaches people through the water they drink and the fish they eat.

The researchers said that the activities of gold prospectors in the rivers create serious environmental problems because they contaminate rivers by sediment, mercury, and oil; destroy the river basins and agricultural fields; carry out deforestation; affect hunting and fishing; and invade Indian territory.

They also said that the contamination by the growing and processing of coca occurs through the use of biocides and fertilizers but especially by precursors such as sulfuric acid, kerosene, acetone, ammonia, etc which are used for making cocaine base. These products, when disposed of in the water, contaminate marine biological resources.

According to various sources, it is estimated that there are currently approximately 200,000 to 300,000 hectares of coca in Peru, of which about 200,000 are in full production. The illegal and massive growing of coca creates serious environmental and social problems in the coca growing and cocaine producing areas.

Regarding urban contamination, the sources said that the main contaminants in the waters of the large cities of the Amazon region are the coliform bacteria, which, along with other germs, cause various infectious diseases.

One of the sources said: "The sewage is disposed of directly into the water without any treatment. Also, there is contamination in many parts of the Amazon region by lubricants and grease disposed of by the ports and river navigation facilities."

Uruguay

Uruguay: Lithuania's Brazauskas Arrives, Meets Sanguinetti

PY1503190096 Madrid EFE in Spanish 1728 GMT 15 Mar 96

[FBIS Translated Text] Montevideo, 14 Mar (EFE) — Initiating his official visit to Uruguay, within the framework of a Latin American tour, Lithuanian President Algirdas Brazauskas today held his first meeting with his Uruguayan counterpart, Julio Maria Sanguinetti.

The goal of Brazauskas' visit is to enhance ties between Lithuania, a country that was under the dominion of the Soviet Union between 1940 and 1991, and Latin America and to promote cooperation in all fields.

With a considerable delay in relation to the scheduled time, Brazauskas arrived today in Montevideo from Buenos Aires and, accompanied by Uruguayan Foreign Minister Alvaro Ramos, went directly to the Uruguayan presidential house.

The Lithuanian president received military honors and, after greeting Uruguayan Government officials, held a 30-minute meeting with Sanguinetti.

During their first encounter, the two presidents exchanged decorations, Uruguayan official sources reported.

Afterwards, Brazauskas, the first Lithuanian president to visit Uruguay, participated in a lunch hosted in his honor by President Sanguinetti in his official Suarez residence.

The visiting president's agenda for today also includes visits to the Supreme Court, Congress, and the Latin American Integration Association (ALADI), and a ceremony at the municipality to receive the keys to Montevideo.

The agenda for Brazauskas' busy first day in Uruguay also includes a news conference and a ceremony with the diplomatic corps accredited to Uruguay.

On 16 March Brazauskas will visit Punta del Este, Uruguay's main tourist resort, and will meet representatives from the Lithuanian community. On 17 March Brazauskas and his entire entourage, including his daughter, Laima Mertiniene, will depart from the Carrasco international airport.

Uruguay: Sanguinetti Reviews First Year in Office

PY1403180996 Montevideo EL OBSERVADOR (Special Supplement) in Spanish 2 Mar 96 pp 2-5

[Interview with President Julio Maria Sanguinetti by EL OBSERVADOR reporter Alfonso Lessa "on the first anniversary of his administration" in Montevideo; date not given]

[FBIS Translated Excerpt] [passage omitted] [Lessa] The democratic transition concluded when the people approved the amnesty law at a plebiscite. Military problems, however, have continued to crop up for all to see. The confrontation is no longer between the Armed Forces and other sectors, but rather among various groups within the Armed Forces. It seems that tensions have moved inside the Armed Forces, particularly in the Army. How do you interpret this?

[Sanguinetti] I have been commander in chief of the Armed Forces since 1 March 1994 — a post I had the

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honor of holding once before from 1985 through 1990 under circumstances far more difficult than the present ones — and there has been no breach of discipline, or conflicts, or transgressions. This is an undeniable fact and this is what our actions must be based on.

Situations must be assessed based on fact rather than on mysterious, forged, or anonymous communiques announcing revolts that never materialize. Let us stick to the facts. If we do so we will see the accomplishments.

[Lessa] Did Lieutenant General Juan Curutchet's replacement by General Raul Mermot as Army commander, with the former attending the ceremony, indicate that a certain kind of leadership will prevail? How would you describe your policy toward the Armed Forces?

[Sanguinetti] Gen. Curutchet's replacement was a normal military development. An excellent Army commander with outstanding qualifications was replaced in the normal course of events by another general who had brilliantly commanded a division, and has now reached the crowning point of a long and meritorious military career.

The first principle of any military policy is to respect the professionals, to act without partisan bias, and to always try to promote the best. As a rule in the Armed Forces one has a pretty clear idea of who the outstanding people are. The latest promotions to the rank of general reflected this principle and the Senate unanimously approved them. The policy toward the Armed Forces is to strive for professionalism and modernization.

[Lessa] In the past few years the Navy was considerably reequipped, the Army also did well, particularly during your first administration, but the Air Force seems to have been left behind. Are you considering refitting the Uruguayan Air Force, the Army, or the Navy?

[Sanguinetti] The need to strive for a fiscal balance calls for moderation. This applies to the three branches of the Armed Forces as well. The budget that was recently approved allocated specific amounts to each branch.

[Lessa] Uruguay has began to review its extradition treaties with other countries. What prompted this and what role did the events at the Filtro Hospital in 1994 [involving alleged Basque Fatherland and Liberty, ETA, members wanted in Spain] play in this decision?

[Sanguinetti] No particular role at all. The extradition treaties we have are by and large obsolete and they should be adjusted to these days of drug traffickers and fundamentalist groups, as we proposed at the Iberoamerican presidential summit in Bariloche amid general support.

All you have to do to realize that one cannot neglect these issues is take a look at the horror that the ETA is inflicting on Spain, its barbarian behavior. The international community must protect values like life, freedom, and the law, from those who want to destroy them.

[Lessa] What is Uruguay's position regarding Mercosur's [Common Market of the South] negotiations with Chile to reach a free trade agreement? Have Uruguayan businessmen conveyed to your administration their position on this issue?

[Sanguinetti] Uruguay has always been in favor of an agreement with Chile, because it means gaining access to the Pacific Ocean and going into partnership with a country whose cultural level and political tradition are similar to ours. This is not something simple because it was very hard for the Mercosur to agree on a common external tariff, while Chile has an economy that underwent a very drastic opening during General Augusto Pinochet's regime. The important thing, however, is that we are working on it, all the pros and cons are being studied, and we are getting closer to an agreement.

[Lessa] Are you in favor of the idea that Uruguay should be the capital of the Mercosur? Do you believe that both the country and its capital Montevideo are ready for this?

[Sanguinetti] The idea of establishing a Mercosur capital has not been floated. One must be very careful on this issue. Uruguay already hosts the Mercosur Administrative Secretariat and it hopes to host the Trade Commission. The four countries are discussing this.

[Lessa] You said in your speech to the nation on 1 March 1995 that one of your main goals was to adjust the pace of internal decisionmaking to stay in step with the other Mercosur countries. What has been accomplished in this regard?

[Sanguinetti] It has been accomplished. The four countries have gradually fallen in step, ourselves included. That was the purpose of the measures taken to improve competitiveness: without making any sudden changes we made the rate of exchange keep up with inflation. Thus, we left in the past the infamous exchange rate lag which harmed Uruguayan agricultural and industrial production. Inflation has been curbed.

We have reduced the businessmen's contributions to social security to the tune of $48 million. We lowered the price of fuels for industrial use which had a significant impact on costs. The tax on bank assets has been eliminated in the case of advances granted to exporters has been eliminated.

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The mechanism for tax returns has been shored up. Agricultural, commercial, and industrial taxes have been significantly amended so as not to punish producers. Shortly, we will add to all this a law on investments and will take several steps to reform the state.

The purpose of all this is to compete more and better within the Mercosur and in the world at large. I will go as far as to tell you that the social security reform and the educational reform are two key components of competitiveness. Had the social security system remained the same, Uruguay would not have had a chance as far as competitiveness goes. In the medium term, the same applies to education. Uruguay is not a country of masses, thus it must tend toward specialization and versatility, which means that our people must be trained.

[Lessa] Although certain measures were taken to improve competitiveness, the businessmen are calling for additional measures. What does the administration plan to do about it?

[Sanguinetti] We will continue working with them to make things better. To accomplish this the Industry Ministry is setting up sectorial work groups that will be doing the so called "fine-tuning." The macroeconomic framework will not change. We will, however, look for the most appropriate procedures to strengthen each industrial area. [passage omitted]

[Lessa] Is privatization a closed issue or can it be revived? If the latter, in what areas?

[Sanguinetti] Our plans to reform the state are complex, privatization is not the solution. This oversimplistic approach has been disregarded. The important thing is to keep market economy alive, and within the framework of market economy competitiveness is much more significant than who owns the companies. The State Insurance Bank will not be privatized but now it is competing with other banks and that is what matters. The citizens now have a choice. The UTE [General Administration of State Electric Power and Telephones] will not be privatized but it will compete within the Mercosur.

Public companies are opening up to private capital more and more all the time. Antel [National Telecommunications Administration] is a case in point: It called for bids for the exploitation of services in Canelones and a large portion of Montevideo. The same thing is happening with the franchising of public works which is increasing all the time.

The port will be franchising the construction of yet another containers terminal. Steps are being taken to improve state efficiency and there have been some concrete results. The dredging of the Carmelo channel used to take four months and now it was done in 15 days by changing the method of payment.

[Lessa] What are your expectations concerning the state reform that has been implemented through budget cuts? Do you believe that private business will be able to hire the thousands of government officials who will be declared redundant?

[Sanguinetti] It is an important change. Important changes take time and must be developed gradually. I do not doubt that private business will take on more people as it has already done. Let's just bear in mind that in 1995, in a relatively recessive atmosphere, approximately 20,000 new jobs were created. The number of new jobs will continue growing proportionally to the country's investment in forestry, construction, tourism, agriculture and livestock, and the production of exportable industrial goods. Let's keep in mind that the number of public servants did not increase over the past decade. The number of executive branch officials and employees in state-owned companies went down. City halls, the legislative branch, and the educational institutions hired more people. We expect the number of public servants to go down further in the coming years. The important thing, however, is that while the number of public servants has remained relatively stable at 244,000, the overall number of jobs increased by 43 percent over the past decade, rising from 916,000 to 1,206,000. This means that private business is largely responsible for the job growth in the country. Public servants represented 28 percent of the urban work force in 1985, nowadays they represent only 20 percent of the work force. This is very important. The program that has been launched will ensure the continuation of this process. This is a true structural change that people don't quite recognize yet. [passage omitted]

[Lessa] There are people who keep proposing your reelection. During your first term in office there were also some people who thought that way. What is your position?

[Sanguinetti] I have always opposed presidential reelection. Rather than making me change my mind, the world as it is today, is giving me additional reasons to reassert this stance.

[Lessa] Colorado Party leaders have said during your first administration that the government ended up by swallowing up the Colorado Party. Do you fear that the same could happen now?

[Sanguinetti] That is not something I am worried about.

[Lessa] The Colorado Party does not seem to have anybody strong enough to succeed you at the next elections. Does that worry you?

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[Sanguinetti] My position as president of the nation does not allow me to engage in partisan activities unrelated to government affairs and actions. Therefore, I am not involved in those matters which, in any case, seem to be somewhat premature at this point. Just take a look at everything that has happened during the first year of this administration, and start thinking about all that could happen in the remaining four years. [passage omitted]

Venezuela

Venezuela: Caldera Gives State of Nation Address

PA1403205696 Caracas Venezolana de Television Network in Spanish 1430 GMT 12 Mar 96

[State of the nation speech by President Rafael Caldera to the Congress at the National Congress building — live]

[FBIS Translated Text] Prosecutor General of the Republic, Comptroller General of the Republic, Attorney General of the Republic, President of the Supreme Electoral Council, President of the Judiciary Council, former President Luis Herrera Campins, former President Dr. Ramon J. Velasquez, Most Excellent and Most Reverend Apostolic Nuncio and other members of the diplomatic corp accredited in Venezuela, Ministers of the Executive Branch, mayors of the metropolitan area, Division General, Inspector General of the Armed Forces, and other members of the Military High Command, directors of national academies, directors of universities, President of the Bolivarian Society of Venezuela, Members of the Order of the Liberator Council, presidents of autonomous institutes, of state companies, and of other national institutes, media representatives, Ladies and Gentlemen, Senators, and Deputies:

After I was advised of the installation of the Congress for regular sessions, I said we are living in difficult times. I also used the word difficult to describe the situation last year when I presented my first annual message before a joint session of the chambers.

What we are experiencing is a truly difficult phase. The country's future and the strength of democratic institutions will depend on our determination to overcome it and on the success we have in tackling difficulties. All opinion polls show that a great majority of Venezuelans love democracy as a governmental system; but I do not know to what extent they are aware of the contributions that each one of them must make to help democracy consolidate and survive.

In recent days I had the privilege of welcoming the vice president of the sister Republic of Bolivia, and during an interesting conversation he said something that could have greater application than we might think. He said: Everyone wants change but no one wants to be affected by change. The same happens with the demand for sacrifices that are needed to set the country on a solid course. Everyone proclaims this but rejects the role that each must play.

I am convinced, Messrs. Senators and Deputies, that the effort needed to move Venezuela forward is everyone's duty. If there is no cooperation, the best efforts will be frustrated. We need to ensure that everyone understands this.

When there are demands for an urgent measure it frequently happens that some of those who demand it most strongly protest when such a measure is adopted. And sometimes the worst criticism comes from those who are most responsible for the situation that must be corrected. There are more than enough discussions to try to justify such attitudes.

When an equitable measure is adopted, for example, increasing compensation by as much as the situation allows, some businessmen protest, and more than enough union leaders and aspiring union leaders also protest. For some it is too much, and for others too little. The former will not admit that cost of living increases call for some relief for those who have less economic power. And the latter refuse to admit that a larger increase would work against them, because it would promote the inflationary trend that is threatening to lead us down the unfortunate path of continued devaluation and hyperinflation.

I have decided to raise the income of the lowest paid workers, and I am not concerned about the criticism. I cannot honestly give a higher raise because it would cause greater harm than what it seeks to remedy. I repeat, 1996 is a difficult year, but there is something more. It is a key year.

Our ability in the future to journey down a clear road on solid, sunlit ground will depend on our successes this year. Allow me to make an important observation: All the political ambitions cherished by each citizen or each group, each and every one, are subject to the indispensable condition that the country, not the government that is merely part of the country, will recover the path that it is entitled to journey with the assurance of being absolutely free of those surprise moves that have caused so much bitterness and dealt so many defeats to Venezuela throughout its history. Those who are thinking ahead to 1998 must help us move forward in 1996, because there will be no 1998 without 1996.

An analysis of recent developments must lead us to reflection. According to data issued by the Supreme

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Electoral Council, there was a 53.89 percent abstention rate in the election of governors and mayors. We said, and I repeat, that based on its reliability, we reduced the electoral list by at least 10 percent, and thus, half of the eligible voters fulfilled their duty. This is a positive development.

We are troubled, however, by the fact that the abstention rate reached nearly 70 percent at the Federal District, 69.69 percent to be exact. And in most central states this rate was about 60 percent: Miranda, 62.52 percent; Aragua, 62.26 percent; Carabobo, 59.5 percent. And not because there was a lack of interesting issues for the voters. There were candidates with popular support, there was an active electoral campaign, and the debate was undeniably intense. The following states had abstention rates of over 50 percent: Bolivar, 52.88 percent; Guarico, 53.36 percent; Lara, 52.14 percent; and Zulia, 52.28 percent. The ones that registered abstention rates of under 50 percent improved the national average. These figures constitute another reason to establish a commitment of solidarity to reach those who did not cast their votes.

We must save the country, we must save the democracy we achieved with so much effort, because it would be a tragic aberration to maintain that democracy must be buried in order to save the country. I am willing to assume all my responsibilities and to endure all the trouble they might produce; I am willing to adopt the measures that the Venezuelan situation demands.

There is no difficult time that I would not be willing to go through if service to my people calls for it. [applause] The last two years, although difficult, remind me of a phrase a prominent Italian politician used to describe a situation somewhat similar to ours: Difficult but not unproductive years. In fact, they have not been unproductive, and much less the years I have been at the helm of government.

Today I must refer specifically to 1995. In a report attached to this message — and more extensively explained in the ministers' minutes — the members of Congress will find detailed information, but for now I must emphasize some important aspects.

For now, nobody can deny that in Venezuela, amid problems and contradictions, peace has been maintained, guarantees reinstated, human rights respected, and we have fully respected freedom of information and of expression, as well as freedom to demonstrate.

And despite natural displeasure over increases in the cost of living, the population has not heeded calls for violence, and the authorities have contained repeated outbreaks that well-known groups have tried to use to spark so-called social outbursts.

There will be no social outburst in our country, because people know that violence, far from solving their needs and shortages, would only worsen them, that the forces of law and order are alert to control any disturbance, and that government — with the utmost good faith and unyielding decision — is striving to restore confidence in the country and faith in a better future.

The election of governors and mayors and of the legislative and municipal bodies was a milestone in the country's stability, and the atmosphere of harmony that prevails between regional leaders and the head of state has sent out a signal of optimism that will allow us to reconcile in harmony the different views that always emerge in the distribution of resources and responsibilities.

The convention of governors was a good sign. Serious progress has been achieved in the decentralization process and in the process to reform the administration. Their outdated and deficient structures constitute a heavy burden for the country and impede reorganization.

As for the economy, a halt to the negative trend that had characterized the GDP is significant. Growth is owed not only to improved petroleum prices, but also — although to a lesser degree — to a recovery of the non petroleum sector. This sector increased from minus 4 percent to plus 8 percent in 1995. The 6 percent increase in the manufacturing sector deserves to be underscored.

As for the success of opening the fossil fuel sector to private participation, local as well as foreign, through a system that guarantees state sovereignty and the central role of national industry, this action has had ample and favorable repercussions.

Energy development, the world energy conference held in Puerto La Cruz, the growth of the petrochemical industry and plans to open it to private participation, the ever-growing expansion of orimulsion — which will become one of the pillars of our foreign commerce in the future — a considerable increase in vegetable production in the agriculture sector, the growth of tourism — which is among the most promising sectors — the important actions taken at the refineries at the Paraguana Peninsula, and of course, the victory at the WTO regarding the sale of reformulated gasoline to the United States, all these have been recognized as significant.

The creation of the Industry and Commerce Ministry and the Foreign Trade Bank is a tangible reality. From the standpoint of political stability and good economic prospects, the arrival of major investors from

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all continents and more than 600,000 foreign tourists constitute by themselves unchallengeable facts. No one would come to the country if the chaos depicted by certain media really existed. [applause]

There is unanimous acknowledgement of the achievements in the effort to modernize and create effective tax reforms. The participation of the non petroleum sector increased by more than half, and we seriously started efforts to reduce tax evasion. The efforts made to normalize the financial sector, following the storm that hit it — confusion and corruption triggered this storm — as well as efforts to create more effective, higher quality oversight, have been real. We are planning to keep pursuing its total cleanup.

As for the uninterrupted and responsible course the privatization process took, the results of which will be evident this year, it is also a fact.

International relations have been excellent; multilaterally, we did our job without excessive role-playing and without ignoring our duty of promoting integration processes and cooperation among nations in the search for economic and social development, in the fight against poverty, and in the strengthening of peace. The next OAS conference on corruption to be held in Caracas will have a considerable impact on governmental cooperation to offset this reprehensible evil. The summit the chiefs of state of the Bolivarian countries held in Cumana on occasion of the bicentennial of the birth of the Ayacucho Grand Marshall was considerably significant for the region.

Bilaterally, we have had honorable visits by chiefs of state and government from countries with which we have strengthened our ties of friendship and cooperation, and from the Antilles, Aruba, and Puerto Rico. Relations with Brazil have been broadened in the most promising fashion as possible; the exchange with the northern and northeastern states of this large neighbor has been a true breakthrough.

As for relations with Colombia, they have been kept at a reciprocal level; commercial exchange has increased considerably. There has been a spirit of understanding of the economic possibilities of the two countries. Politically, we have been careful not to adopt attitudes that somehow may indicate the slightest meddling in the domestic affairs of the brother republic. If problems have arisen in the border areas because of the attacks and harassment by unconventional Colombian groups, we have firmly maintained the defense of our sovereignty and demanded that the neighboring country's government and armed forces have a greater and more effective presence so that we do not continue to be attacked from their territory.

Public opinion acknowledges the major emphasis we are giving to the education sector, which is the main sector the country must address. The negative indicators of the previous year have been replaced by positive indicators, both in quantity and quality of education. Teacher improvement has been the main interest of their ministry. We have the firm hope that the relations between the ministry and teachers will reflect more harmonious efforts favoring students and not constant discussions on labor relations.

Development programs for high school dropouts are constantly increasing. The importance of encouraging young people to respect basic values and love work is a constant part of the government's activities; and the triumphs achieved by our athletes and young people in juvenile and children's orchestras have been highlighted as another motive for self-esteem and national betterment.

Regarding public services, essential projects like the regional central aqueduct, the Gueque River system in Falcon, the extension to Guanare, and other projects dealing with the water problem in populated areas are being firmly implemented. The main problem of permanently solving Caracas' water service is basically of national interest and steps have been taken for a prompt solution with the support of the Inter-American Development Bank [IDB] and the Andean Development Corporation. The Program for Sustainable Development of the South [Programa de Desarrollo Sustentable del Sur], Prodesur, is one of the most important realities for our national destiny.

Regarding the border policy, never had border areas received more attention and energy than now, despite the limitations of resources faced by the national treasury. Creating awareness in the country regarding the importance of a sustainable development of the south and our border problems has been a constant concern for me.

Obviously, a government of people who believe in social justice must give, and has given, social programs their due consideration. On the one hand, the programs strive to alleviate poverty; and, on the other hand, they sponsor an Economic Solidarity Program, low- price markets and drugstores, as well as attention to children and abandoned mothers.

Foncofin, Fund for Cooperation and Financial Assistance to Partnership Corporations, already has 300 supply points and it never ceases to work in favor of an Economic Solidarity Program and the support of microbusinesses. The Indecu, Institute for the Defense and Education of Consumers and Users [Instituto de Defensa y Educacion del Consumidor y del Usuario], fights tooth and nail against the abuse that is constantly reported.

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Referring to health, the decentralization program and measures aimed at guaranteeing a satisfactory operation of hospitals through properly directed autonomy shows favorable results. Of course, this requires some time and it implies a consensus among participants.

Referring to construction issues, special interest has been given to the completion of certain projects that had been under way for some years. For example; the IESA [Institute of Higher Education for Administration] building, the National Library auditorium and reading hall, the stupendous San Juan de Dios Hospital in Merida, and the monumental Coromoto Sanctuary.

As you can surmise, the housing problem has been a constant concern for the government, due to its magnitude and urgency and due to the particular dedication I have given to the topic throughout my life. The coordination of all organizations dealing with the issue, and the cooperation of national institutes with regional and municipal authorities and private groups, have begun to yield results.

The number of houses built is still not satisfactory but it cannot be considered laughable either. More than 100,000 housing units were started in 1995 and 47,791 of these have already been built. Fundabarrios [expansion unknown], which handles the needs of low-income neighborhoods, has assumed the construction of 40,000 housing units.

The housing program is an important aspect of the struggle against unemployment, which is currently 10.7 percent of the employable population. With the sponsorship of microbusinesses and the training of young people for work, we counter the scourge that will be abated with the economic reactivation expected next year.

Regarding roadways, it is important to say that the first instance of the program for the construction of important works through the concessions system, was part of the job of road construction between Caracas and La Guaira. The matter — the analysis and paperwork — has been assigned to a highly professional and honest commission.

This work will have a definite influence on the concessions system. Constructions through the concessions system depend on the success this construction has.

Meanwhile, other important works had to be carried out, like the continuation of the Centro-Occidental highway, other highways and roads, and the access roads to the majestic National Sanctuary of Our Lady of Coronoto, dedicated on occasion of the unforgettable apostolic visit His Holiness John Paul II made to Venezuela.

The Caracas Metro has been completed, the new Metro line from Plaza Venezuela to El Valle has been completed; the airports, some of which have been transferred to regional governments, have been remodeled.

These have been important activities. I could go on listing many other facts to back my claim that the past years have not been fruitless in spite of difficulties. In the Annex to this message you will find valuable information.

This does not mean that we claim that everything is perfect, that we have had no serious problems that demand much work. For example, the situation in the prisons is a result, mostly, of overcrowded conditions. Prisons were built for a much smaller prison population than what we have. Expansion work has not been sufficient. The passing of the Law of National Funds for luxury buildings will allow registering, as valuable real estate, inadequate prison centers in the downtown areas of big cities; this will allow us to sell them and to build with the funds secured from such sales, modern and large prisons outside the cities, although to do this we will first have to overcome the negative reaction of people and authorities to the construction of such centers near them. Prisons are needed but no one wants them, not even at a distance. This is a fact we have to face. [applause]

In the midst of events that generate optimism, the people are suffering because of the increase in the cost of living. Inflation has become a disturbing nightmare, especially for people of scarce resources. We must admit that the struggle against inflation, on which we have ineffectively tried various remedies, securing only modest results, requires decisions that imply an inevitable dose of inconvenience that is necessary for the country to regain trust in itself.

Unbiased foreign observers are sure we have all the conditions to secure this trust.

We have said over and over that we have human and natural resources to overcome the crisis. Our economy provides us with a sure income of foreign exchange to readily resolve the real needs of a normal life and to have reasonable and certain growth. We are one of the countries with a positive balance in its trade relations and in its balance of payments. The market of our main export product, oil, has improved moderately and the outlook for the first few years of the 21st century is good.

The fiscal deficit, which is the result of errors and mistakes made for some years, has been pointed to as the dominant inflation factor. We have to face it to make the deficit manageable. There is a factor that makes our job

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harder: The foreign debt. Efforts to honor the country's debt have become the cause of new burdens.

To reduce the fiscal deficit to a manageable size, we must make a big and serious effort, a painful effort that we must not evade if we want, as we must, to definitely overcome the crisis and cut off the Hydra head of inflation.

At this point we must return to the initial proposal. The effort that we must make has to be made by all: The Executive, Congress, Supreme Court, courts, Pdvsa [Venezuelan Petroleum Inc.], Central Bank, universities, etc. [applause] And, we must make the effort now. There is no escape. I am willing, as I have said one and a million times, to fully assume my responsibilities. Whether I like it or not, I must take this burden upon my shoulders because this is what the people willed on 5 December 1993. [applause] However, Congress cannot deny its support to the measures that have to be implemented, and civilian society, at all levels, has to accept its measure of sacrifice, which, I affirm, will be minimized as much as possible, especially for those whose situation is most unfavorable.

Many indicators reveal there is a strong internal tendency in favor of reaching an agreement with the IMF. Without ignoring the scope of the agreement's monetary impact, it is most important to liberate domestic and foreign investors from the precautions they have adopted due to the circumstances and a deliberate negative propaganda campaign. I ordered that the upcoming round of talks with the IMF be postponed to make sure that we can [corrects himself] that the prospects, especially the fiscal ones, we present do not run the risk of being left pending because the sectors that have to support them do not. The commitment has to be accepted by all. The government will not elude its responsibility because it considers — based on the way the talks have been advanced — that the result will benefit the country.

The measures that must be implemented include the approval of new taxes. I view with concern that several people are talking about the new taxes but are already saying that it has to be used for other purposes and not to correct the fiscal deficit. Why? How are we going to present new taxes and give those revenues to other organizations in the public sector and not to further the essential, necessary, and important objective of readjusting and decreasing the fiscal deficit? The taxes on general luxury items and wholesale sales have to be increased. A tax on financial transactions must be imposed but it will be a temporary measure, only for a few months, to fulfill the estimated income that would correspond to an increase in the price of gasoline. The latter increase has been an amply debated topic and is already impossible to postpone. I formally request the Congress to review the proposal for this tax, which will be of brief duration but is absolutely necessary.

Regarding the price of gasoline, we always said this topic had to be viewed, not only in regard to its specific economic impact, but also in its social context. We have to admit that since all our goods and services have increased considerably in price, there are no mathematical reasons for the gasoline price not to have done so too. However, we do not want the gasoline hike to be another factor that will further an increase in the price of public transportation to those who use buses and modest vehicles.

Pdvsa is currently studying a direct subsidy for public transportation. It thus is preparing a vehicle register as quickly as possible, to be able to establish the beneficiaries of the subsidy. It is also promoting the gas program, which users have not viewed with sufficient interest because the current difference in price does not spur them to change. In a few days, I repeat, in a very few days, as soon as the vehicle register and the subsidy program are completed, a readjustment to the gasoline price will be made. [applause]

God knows how hard this decision was for me; however, as I said before, I am willing to take all measures necessary to end the crisis to the country.

On another subject, I am determined to modernize and substantially improve public transportation, and international financial organizations have offered to help us in this task.

As for the others measures included in the Agenda Venezuela, within the new country plan as designed by the 9th Plan of the Nation, we are determined to take them, whether there is an agreement with the IMF or not. The privatization calendar will be rigorously followed, because these measures constitute a coherent whole. I ask that they be examined as a whole to verify how truthful this statement is. One of them, the deregulation of the foreign exchange system, is essential. When the facts forced us to establish exchange control we decided that this was going to be a temporary measure, and announced it this way. We know that measures of this nature, once established, are not easy to dismantle, but we are going to do it. We will take, of course, precautions to keep an unjustified but real wave of speculation from again weakening the exchange market under conditions that are unacceptable for the nation.

One good factor is that international reserves have recovered and are at acceptable levels. The price of oil is fluctuating above the price it was when this

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constitutional term started. Another good factor is the willingness the leaders of businesses and business chambers have to hold talks and follow a behavior that will not hinder this possibility.

An increase in revenues is, as I have said, essential. For the first time, the country has really seen the tax evasion problem and the need to adopt a modern revenue collection system. We cannot tolerate the fact that large amounts belonging to the people continue to escape, favoring those who are wealthy. In this regard, I must note the country's favorable reaction to the SENIAT, Integrated National Service for Tax Administration, the development of which we have high hopes.

Streamlining public spending is the other essential element in facing the fiscal deficit. On this issue, we must make big efforts to make people understand. I have fought for social justice all my life, and I have devoted a large part of it to the workers' good causes. Nothing hurts me more than the fact that, as administrator of the national treasury, I am being forced to explain that wage hikes for the amount public employees want are incompatible with the commitment to reducing the fiscal deficit, and would be unrealistic given the lack of budget flexibility and the increase in inflation, which will lead us to face fatal consequences. Anyway, we will go as far as it is materially possible. To this end, we have allocated the maximum percentage of public spending possible to improve the wages of public employees.

As for social benefits, I am more convinced than ever before that a good solution for workers is possible. I am marking the 60th anniversary of my appointment as deputy director of the then recently-created National Labor Office, in which I co-wrote the 1936 Labor Law. As a lifelong senator, I fought against all odds for several years to have the Organic Labor Law approved. This law left the door open for the adoption of a new social benefits system, if it favored the workers' causes and if it benefited the country. Right now, we can and must cross this threshold with dignity, seeking benefits. We are convinced that this issue admits no more delays.

Citizen Senators and Deputies: It has repeatedly been said in the past days that the country awaits the explanations that I will utter in this message today. The explanations are clear.

The Venezuelan Agenda has been accepted as our own position and has even been adopted for the talks with the IMF. Domestic and foreign investors can count on total legal security as corresponds to our democratic state. This agenda requires decisions and I am willing to make them. All the measures form a unit. The ones that are not implemented simultaneously, will be fulfilled consecutively and at very brief intervals.

At the end of my life, with the backing of a long political career at the service of the best interests of Venezuela, I am convinced that I have to pay the high price for taking on the helm of a ship that is traversing turbulent waters. The ship has cracks, many conditions necessary to pilot the ship have been eliminated, and still sometimes, the pilot is denied essential facilities to sail it. I well knew that the task was not going to be easy but, truth be told, no one imagined that the deterioration had reached the level it had, or expected events such as the horrible crisis of the banking system, the effects of which no country in the world could eliminate in only one or two years.

However, I am also convinced, Messrs. Members of Congress, that the country awaits you. The possibility of definitely overcoming the crisis depends largely on the attitude you will adopt. The authorized spokesmen of the chambers have said they are concerned with the reforms to the electoral law that is demanded by the country and the courtroom law that will benefit the country. I share their concerns. I furthermore remain confident that the idea of the constitutional reform will not be abandoned. The need for this reform is evident. However, the first priority, the biggest urgency, is a clear demonstration that there is a will to approve the measures that are demanded from the government and that the government is willing to adopt, regardless of the cost. [applause] And that the government is willing to adopt regardless of the cost to get the country out of the inflation predicament. The recovery of the people's trust in the institutions comes from the measures that are adopted to recover the full stability of the economy and to open more fields for production and productivity.

We have to positively deal with the issue of democratic governability. We have to have a government that governs, a congress that provides the necessary instruments to beat the crisis, an administration of justice that does not obstruct the work of the administration, an integrated civilian society, and a common objective of rescuing the national economy.

I want to recall that when I was sworn in front of these same chambers, I defined my view of the government's action in regards to the Venezuela of the future and I said, and I quote: The objective of this commitment of solidarity is to achieve a competitive and modern economy where the private economy is the motor of growth and starts to assume part of the social responsibility that, up to now, has rested on the government and the oil economy. Today, when we have achieved political stability in the country and the stabilization of the financial sector, I want to repeat the validity of this view and assert that we have the conditions to retake the path.

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I have faith that this year of trial will lead us to a future with broader horizons as corresponds to our fatherland and to the characteristics nature has provided it. The path will be bolstered with the support given by multilateral organizations to achieve the stabilization of the economy, the added financing provided by the IDB and the World Bank to augment social expenditures, the qualitative changes in the composition of the public expenditures to increase investment, the implementation of a tough fiscal discipline, and clear rules of the game for national and foreign investors who will become the basis of the virtuous circle to expedite economic growth.

This path will also be lined with a program that will promote a permanent improvement in the purchasing power of workers once inflation is abated and the problem of social benefits resolved. The announcement of this willingness to hold talks has been warmly welcomed, and as a matter of fact, we have held continuous talks with the representatives of the parliamentary blocs and the economic and labor sectors. Let us have a discussion and a common determination to save the country, which is what we all want.

I am [word indistinct] in this struggle for Venezuela, which is also a struggle for the ideals upheld by Latin America in its arduous path toward economic development with social justice. This struggle must balance the demands of global trends with the need to strengthen our own identity. Many view Venezuela as a point of reference at this crucial juncture for our continent. By the end of 1996, the inflation rate will be under control and the launching of economic activity will be unstoppable. This is about our destiny and there is no other alternative. Venezuela is at stake. [applause]

Suriname

Suriname: Opposition Excluded From Upcoming Elections

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[Unattributed report: "Opposition Excluded From Suriname Elections"]

[FBIS Translated Excerpt] Amsterdam — Following a decision by the Surinamese election board the upcoming elections may end in a trial of strength between the government coalition led by President Venetiaan and opposition leader D. Bouterse. According to the election board, almost all other opposition parties have failed to prove that they satisfy the requirement which states that all parties need to have at least 2,640 registered members.

As a result of the decision some major opposition parties are excluded from the 23 May elections. Only Bouterse's NDP [National Democratic Party] and the Javanese-oriented Pendawalima have satisfied the registration requirements, the election board claimed. The Pendawalima stated afterward that it "was giving very strong consideration" to refraining from participating in the elections if the decision was not annulled.

The exclusion of the largest part of the opposition is considered to be advantageous for former army leader Bouterse. He is expected to become the only one to collect votes against Venetiaan's coalition of "old parties."

The parties excluded will appeal against the election board's decision. This appeal will be handled by President Venetiaan, who is also leader of the governing NPS [Suriname National Party]. The Surinamese Electoral Council recently warned about this undesirable conflict of interests.

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